



# ***Daily Report***

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## **China**

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# Daily Report

## China

FBIS-CHI-89-132

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12 July 1989

NOTICE TO READERS: An \* indicates material not previously disseminated in electronic form.

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## General

### China Agrees With Postponement of GATT Talks

HK1207002089 Beijing CHINA DAILY in English  
12 July 89 p 2

[By our staff reporter Qu Yingpu]

[Text] China yesterday announced that it had agreed to the General Agreement on Tariffs and Trade (GATT) postponing further talks on it joining the world body. It hopes that these could be continued in September.

The postponement "is simply a matter of working procedure" of GATT "to give more time for the delegations of the contracting parties to consider the issues to be discussed at the meeting," said the spokesman of the Ministry of Foreign Economic Relations and Trade (Mofert).

The GATT Working Party on China was scheduled to hold its eighth meeting in Geneva yesterday and today to negotiate and draft the protocol.

The meeting was postponed "because of difficulties in having meaningful discussions in present circumstances," David Woods, spokesman for GATT, said last Wednesday.

Woods said the postponement was not intended as a sanction against China. Some countries needed more time to study a document the GATT secretariat circulated some weeks ago, he added.

A founding member of the world trade body in 1947, China's Kuomintang government quit two years later when the People's Republic was established.

In July 1986, China formally asked to resume its membership in GATT, the 96-nation forum setting rules for four-fifths of world commerce.

The GATT working party on China was established in 1987. It has been questioning China in detail about taxes and reform plans.

One major concern of some GATT member countries over the proposed re-entry comes from the fact that they still see China as a highly centralized planned economy.

At its seventh meeting last April, the working party completed the examination and assessment of China's foreign trade regime.

The Chinese spokesman said: "Early resumption of China's status as a contracting party to Gatt is in the interest of all parties."

The spokesman said the Chinese delegation hopes to "hold the eighth meeting of the working party in September as suggested in the process of consultation," adding, the Chinese delegation "has fully prepared for such a meeting.

He said reform and opening to the outside world is one of China's long-term basic national policies to be implemented steadfastly, and China's participation in the world multilateral trading system is an integral part of this policy.

Through 10 years of reform, great changes have taken place in China's economic and trade system and such reform will continue, he said.

Most of the member countries of GATT practise market economies while China is introducing market regulation into its planning system, a Mofert official said earlier this year, adding that the market economy has already been playing a very important role in the country.

With the resumption of its membership in GATT, China expects to be accorded the most-favoured-nation treatment, the status of preferential treatment for developing countries prescribed by GATT, said Shen Jueren, vice minister of Mofert.

### Astronautical Federation Cancels PRC Congress

AU0807140889 Paris AFP in English  
1003 GMT 8 Jul 89

[Text] Paris, July 8 (AFP)—The International Astronautical Federation [IAF] has cancelled plans to hold its 40th congress in Beijing and will go instead to the Spanish city of Malaga, the IAF announced.

The IAF bureau said Saturday the change of plan was to "make sure enough participants attended the congress." It did not refer to the brutal crackdown on pro-democracy demonstrators in June.

The IAF groups 106 associations from 38 countries. Its annual congresses are attended by more than 1,000 delegates.

This year's congress will take place from October 7 to 13.

### President of World Peace Center Visits Beijing

#### Meets with Qiao Shi

OW1107122189 Beijing XINHUA in English  
1123 GMT 11 Jul 89

[Text] Beijing, July 11 (XINHUA)—Qiao Shi, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee, met with Charles S. Rhyne, world president of the "World Peace Through Law Center," and his party here today.

Qiao extended his hearty welcome to Rhyne and his party who have come to visit China after it underwent a turmoil.

He briefed the visitors on China's legal work and stressed the importance of legal education of the people.

Rhyne talked about his view on the latest reports on China by some U.S. press organizations. He said that those reports were selective. They concentrated on bad things and avoided good things. What he has seen here during his visit proved that his view is right, he added.

Rhyne expressed his belief that the forthcoming 14th Conference on the Law of the World to be held in Beijing will be a great success.

#### **Ren Jianxin Hosts Banquet**

OW1107141889 Beijing XINHUA in English  
1335 GMT 10 Jul 89

[Text] Beijing, July 10 (XINHUA)—Ren Jianxin, president of the Chinese Supreme People's Court, met and hosted a banquet for Charles S. Rhyne, world president of the "World Peace Through Law Center," and his party here tonight.

Rhyne arrived here July 7 for a visit to China at the invitation of Ren, who is also chairman of the China organizing committee for the 14th Conference on the Law of the World. The two sides held friendly discussion on matters concerning the law conference to be held in Beijing.

#### **United States & Canada**

##### **U.S. Aid to Fang Criticized as Violation of Law**

HK1207072089 Beijing RENMIN RIBAO  
OVERSEAS EDITION in Chinese 12 Jul 89 p 2

[Article by Fu Xuezhe (1381 1331 0772): "U.S. Embassy Violates International Law in Giving Refuge to Fang Lizhi and Li Shuxian"]

[Text] After the counterrevolutionary rebellion was quelled in Beijing, Fang Lizhi and Li Shuxian, who committed the crime of engaging in counterrevolutionary propaganda and incitement, went to the U.S. Embassy in China to seek "protection," and the embassy has given them "refuge." This action on the part of the United States violates international law and constitutes wanton interference in China's internal affairs.

First, by giving refuge to Fang Lizhi and Li Shuxian, the U.S. Embassy in China has violated the general principle of the international law on territorial asylum and violated China's right of territorial superiority [shu di you yue quan 1466 0966 0327 6390 2938].

According to international law, asylum refers to a state granting, according to the right of territorial superiority and within the scope of the country's territory, a foreigner seeking asylum chiefly for political reasons the right to enter the country to take up residence and to receive legal protection without being extradited to another country. Because this asylum is exercised within the scope of one's own territory, it is therefore called "territorial asylum" or "asylum given in one's own country."

The legal basis of territorial asylum is the principle of national sovereignty. According to the principle of sovereignty, a country has the right of territorial superiority and the right to give, in its own territory, refuge to foreigners seeking asylum. This is an established sovereign right enjoyed by a state. Many countries have made special provisions in their constitutions. The refuge given to Fang Lizhi and Li Shuxian by the U.S. Embassy in China is not the aforesaid territorial asylum but a refuge given to Chinese citizens in Chinese territory. This is not only an infringement upon China's right of territorial superiority but also violates the universally accepted principle of territorial asylum.

Some international lawyers regard the exercise of asylum right by a country outside its territory as "extraterritorial asylum" or "diplomatic asylum." In fact, the extraterritorial asylum chiefly refers to diplomatic asylum. That is to say, giving refuge to asylum seekers in diplomatic missions, including giving refuge in consulates or on warships. The refuge given to Fang Lizhi and Li Shuxian by the U.S. Embassy in China comes under the category of "diplomatic asylum." However, the so-called "diplomatic asylum" has never been a universally accepted principle of international law. International law does not recognize that permanent embassies enjoy the right to give diplomatic asylum. Only Latin American countries, in line with the usual practice developed over the years among them, as well as the convention later signed, mutually recognize and accept the asylum of political prisoners in the country of residence. However, even the United States does not recognize such a regional exception. When signing the 1928 "Convention on Asylum Among American States," the United States made the following reservations: "When signing this convention, the United States had explicit reservations, pointing out that the United States does not recognize, nor does it approve of, the so-called theory of asylum right as a part of international law." In the "asylum right" case of 1950, in which Colombia took legal proceedings against Peru, the UN International Court of Justice defined that there were no such general rights of diplomatic asylum. In that case, the International Court of Justice also explicitly pointed out: "On the occasion of diplomatic asylum, a decision to grant diplomatic asylum to an asylum seeker at the crime site or in the country involves an infringement of the sovereignty of that country." The refuge given to Fang Lizhi and Li Shuxian by the U.S. Embassy in China is precisely like this. It has seriously infringed upon China's sovereignty, especially China's right of sovereign superiority.



Secondly, the action on the part of the U.S. Embassy in China to give refuge to Fang Lizhi and Li Shuxian **has violated the provisions of the Charter of the United Nations and interfered in China's internal affairs.**

The principle of non-interference in internal affairs is an established basic principle of international law and Article 2, Section 2 of the Charter of the United Nations has affirmed this principle. The 1970 "Declaration on the Principles of International Law" summed up this principle into "the duty not to intervene in matters within the domestic jurisdiction of any State, in accordance with the Charter." It also stipulates: "No state or state bloc has the right to directly or indirectly interfere in the internal or diplomatic affairs of any other country under whatever reasons." In the aforesaid "asylum right" case, in which Colombia took legal proceedings against Peru, the International Court of Justice justly pointed out: "Not allowing the territorial state to exercise jurisdiction over criminals constitutes an interference in the functions and powers exclusively belonging to that state."

By giving refuge to Fang Lizhi and Li Shuxian, who were listed as wanted by the Chinese Ministry of Public Security, the U.S. Embassy in China has precisely "not allowed" China "as a territorial state to exercise jurisdiction over criminals" and, therefore, constitutes an interference in China's internal affairs and thus violated the provision of the UN Charter on non-interference in internal affairs.

Thirdly, the act on the part of the U.S. Embassy of giving refuge to Fang Lizhi and Li Shuxian is an **abuse of diplomatic privileges and violates the "Vienna Convention on Diplomatic Relations."**

The 1961 "Vienna Convention on Diplomatic Relations" stipulates that "embassy buildings should not be violated." It also stipulates: "Embassy buildings should not be used in a way out of keeping with the embassy duties stipulated by this convention or other regulations of the general international law, or the valid, special agreement between the sending state and the accepting state." More importantly, no clauses in the convention stipulate that a diplomatic mission enjoys the right to give diplomatic asylum.

In the aforesaid "asylum right" case, the International Law of Justice, in a reply to Colombia's request, correctly based itself on the ordinary norms of diplomatic law, pointing out that it is impermissible to make an extended explanation of diplomatic immunities, i.e., to apply them to those seeking refuge in a diplomatic mission. Giving such refuge is in fact an abuse of the privileges of a diplomatic mission. The refuge given to Fang Lizhi and Li Shuxian by the U.S. Embassy in China is precisely a typical example of abusing diplomatic privileges.

The fact that the action on the part of the U.S. Embassy in China to give refuge to Fang Lizhi and Li Shuxian violates the provisions of the "Convention on Diplomatic Relations" also finds expression in the fact that the U.S. Embassy in China has not fulfilled the two most important duties of those enjoying diplomatic privileges and immunities, as stipulated by the convention, namely, first, "respecting the laws and regulations of the accepting country" and, second, "not interfering in the internal affairs of that country." The latter point has been stated above. With regard to the former point, it is most obvious that it has directly violated the provision of Article 162 of China's Criminal Law on the crime of giving shelter to and shielding criminals, and that it has directly violated the provisions of Article 23, Clauses 1, 2, and 4 of our country's regulations on diplomatic privileges and immunities.

It should also be pointed out here that, to avoid being suspected of "abusing diplomatic privileges," some Western scholars have put forward the theory of "temporary refuge," saying that an embassy may exercise the right of giving temporary asylum "on humanitarian grounds" and that this is a "legal right." Not having the basis of either the international treaty law or the international practice law, this argument is untenable.

Lastly, the action on the part of the U.S. Embassy in China to give refuge to Fang Lizhi and Li Shuxian in China **has also violated the international obligations undertaken by the United States and undermined the principles and the principles governing the treaties.**

As stated above, the action on the part of the U.S. Embassy to give refuge to Fang Lizhi and Li Shuxian has violated the relevant provisions of the Charter of the United Nations and the "Vienna Convention on Diplomatic Relations." The United States, as a signatory to the two multilateral conventions, has violated the international obligations it has undertaken and thus the principles governing the treaties. Moreover, the United States has also directly violated the provisions on "mutual respect for sovereignty and territorial integrity" and "non-interference in each other's internal affairs" laid down in the Sino-U.S. Shanghai Communique of 1972, the Communique on the Establishment of Diplomatic Relations Between the United States and the People's Republic of China of December 1978, and the Sino-U.S. Joint Communique of 17 August 1982.

Given the present circumstances, the U.S. Government has a wise choice to take the initiative, i.e., to set store by the overall interests of Sino-U.S. relations and to immediately instruct its embassy in China to hand over the two criminals, Fang Lizhi and Li Shuxian, to the relevant Chinese authorities to be punished according to the law. There are no other ways to settle the case than this.

### U.S. 'Human Rights Diplomacy' Denounced

HK1107140289 Beijing JIEFANGJUN BAO  
in Chinese 4 Jul 89 p 4

[Article by Huang Hong (7806 1347): "The Hypocrisy of the 'Human Rights Diplomacy' of the United States"]

[Text] When the student unrest turned into social turmoil and a rebellion, some overseas political forces meddled in these affairs and provided all kinds of support for the rebels through various channels. As the official news media of the U.S. Government, the Voice of America did not hesitate to cook up various rumors and continued to rudely interfere in China's internal affairs without regard to the basic norms of international relations. On 5 June, President Bush hastily announced five "sanction" measures against China, including the suspension of arms sales to China and the suspension of the exchange of visits between Chinese and American military leaders. Then, the U.S. Embassy blatantly flouted China's laws and the norms of international law by giving sanctuary to Fang Lizhi and his wife, who were wanted by the Chinese public security department for engineering the rebellion behind the scenes. On 20 June, White House spokesman Marlin Fitzwater announced that "President Bush has instructed the U.S. Government to stop all high-level contacts with senior officials of the PRC" and "will ask international finance institutions to postpone the consideration of offering loans to China." All these actions taken by the U.S. Government to seriously interfere in the internal affairs of the PRC were based on its pretext of maintaining the "human rights principle" and "showing concern for the human rights condition in China." So, we are here compelled to see what this "principle" stands for.

Democracy, freedom, and human rights are not things existing exclusively in capitalist countries. Under the socialist system, the Chinese people enjoy various rights as prescribed by the Constitution. Following the end of the 10-year turmoil, our government made great efforts to build up democracy and improve the legal system. Civil rights have achieved legal guarantees and have been gradually developed and improved. This is a fact known and acknowledged by all people in the world. At the same time, the Chinese Government has also actively supported the UN's activities for promoting human rights, and has pointed out that "the United Nations should give priority and first attention to the large-scale violations of human rights caused by colonialism, racism, foreign aggression, and occupation." However, we must also solemnly declare here that on the issue of human rights, we hold an understanding and a position different from that of the U.S. Government. First, we do not think that human rights are absolute because human rights should not only be protected by law, but should also be defined and constrained by law. That is, people should not only have rights, but should also perform duties. For the Chinese people, the respect for human rights are fully reflected in the people's rights prescribed by the Constitution. So the Chinese citizens must act

within the limits allowed by the Constitution and must not place their personal rights above the laws. Obviously, all actions that violate, impair, and offend the laws do not come under the category of human rights. Moreover, when talking about human rights, we not only refer to the rights of a small number of people or individuals, but more importantly, we stress the rights of the vast majority of the people or the whole nation. The rights of an individual are important, but the collective rights are more important. All legitimate individual rights must be subject to the premise that they do not impair and harm the rights of the vast majority of the people. So we do not allow a small number of people or individuals to enjoy so-called "democracy" and "freedom" that offends the laws. By human rights, we mean that the democracy and freedom of most people, especially the rights of the whole nation for peaceful work and life, must be safeguarded.

People have clearly seen that when the student unrest was turned into turmoil and a rebellion, the party and the government exercised restraint and patience. Only after a small clutch of thugs and rebels openly called for overthrowing the government, intercepted military vehicles, seized ammunition, held up traffic, stormed Zhongnanhai and the Great Hall of the People, stormed and smashed public security institutions, and launched a counterrevolutionary rebellion, and after all the efforts to continue the dialogue and carry out dissuasion were ignored and foiled, the party and the government were compelled to take resolute action to quell the revolt. Even so, in order to avoid injuring students and citizens who were not aware of the true facts, the troops strictly restrained their self-defensive measures when they were attacked by thugs and saw that hundreds of military vehicles were burned and large quantities of ammunition and guns were seized. This was evidenced by the fact that in the process of clearing up Tiananmen Square, no student or citizen was killed or injured. When the state faces the critical condition of being subverted by counterrevolutionary rebels, in order to safeguard social stability and the country's unity, and to safeguard the people's right to work peacefully, the state must resolutely suppress the rebellion, and this is the sacred right that a sovereign state will inevitably exercise. No foreign government has the right to interfere in this.

However, the U.S. Government called the lawless rioters and rebels "fighters for democracy and freedom;" and called the actions of killing soldiers and officers of the People's Liberation Army [PLA], the Armed Police Force, and the public security cadres and policemen, and using violence to topple the government "a human rights movement." It even gave the laurel of "people striving for democracy and freedom" to the serious criminal offenders who intercepted and burned a passenger train, thus endangering the lives of more than 1,000 passengers and halting the railway operation. How ridiculous all this was! We may ask the U.S. Government: Do you allow demonstrators to storm the White House and to occupy the South Lawn of the White House for a long time, or

even pitch tents there? Do you allow people to set up barricades, hold up traffic, seize weapons and ammunition, smash shops, burn military vehicles, beat up and kill military personnel and policemen, and call for the use of violence to topple the U.S. Government? Do you also protect and praise such violent actions as "human rights"?

A country's theory, rules, laws, and actual conditions about civil rights are determined by the political, economic, cultural, and traditional conditions of that country. Because there are wide differences in the national conditions from one country to another, it is inevitable that there will be different understandings of the concept and the contents of human rights. China is a developing country. Only by maintaining a prolonged, stable environment can the country develop her productive forces and guarantee the 1.1 billion people's rudimentary right—the right of survival. Only then can there be possibility of building a high degree of socialist democracy. Without a stable environment, the people will enjoy no right at all. As Comrade Deng Xiaoping pointed out when he met with former U.S. President Carter in June 1987, "People often link the concept of democracy with the United States and hold that the system in the United States is the most ideal system of democracy. We cannot copy your system. I believe that you understand this. If China copies your systems of separating the three powers and realizing universal suffrage (we have not had the condition for this yet), China would certainly witness a chaotic and turbulent situation, as people would keep taking to the streets. How could their daily lives be guaranteed then? How could they concentrate on economic construction? So we cannot view things in China from your angle."

Although the U.S. Government claims to be protector of human rights and often blatantly interferes in other countries' internal affairs under this excuse, many people of insight in the United States and in other countries have long exposed the hypocrisy of such "human rights diplomacy," and denounced the United States as a "main country that violates human rights." The U.S. Government may allow people to fight for the legalization of homosexuality, but it always severely suppresses the student movements that protest against its foreign aggression and expansion, the civil rights movements that oppose racial apartheid and strives for racial equality, and workers' strikes and demonstrations that demand the improvement of working and basic living conditions. It is not rarely seen that the U.S. Government sends National Guards and even the federal defensive army to violently suppress the demonstrations. A number of former U.S. presidents also frankly acknowledged this fact. In the 1950's, Eisenhower justified his decision to dispatch the 101st Airborne Division to cope with the civilian demonstrators by saying: "Before me, 13 U.S. presidents used the military to quell domestic riots." Innumerable facts show that the human rights advocated by the U.S. Government have been demonstrated in the cruel and bloody suppression of the American students who opposed foreign aggression and of the

colored people who demanded racial equality. What we did was to quell a rebellion, but what they did was to suppress the people. What right has the United States to blame and criticize other people?

In order to more clearly expose the hypocrisy of the United States' "human rights diplomacy," we may turn to see what a part it has performed in international human rights activities. As known to all people, the United States is a constant supporter of the notorious racist regime in South Africa. In 1987, the UN General Assembly successively passed eight resolutions with an overwhelming majority on imposing all-around sanctions against South Africa, but all the resolutions were opposed by the United States. The United States is also a constant supporter of the Israeli Zionists. It has offered a great deal of military assistance to the Israeli regime for occupying large stretches of Arab territory and driving the Palestinian people out of their homeland. Moreover, the United States has stationed troops in South Korea for a long time and performed the role as an ally of the South Korean authorities, who killed students in the Kwangchu Incident.

Why did the United States behave so hypocritically on the issue of human rights? The reason is very simple. The United States only uses human rights as an excuse or as a means for interfering in other countries' internal affairs, and for pursuing hegemonism and power politics. Some American statesmen have long acknowledged frankly: "Taking human rights as a basic objective of the U.S. foreign policy will help legalize the United States' involvement and interference in the political struggles in all parts of the world." Therefore, some people in the United States always advocate that the issue of human rights goes beyond the jurisdiction of a country, and they declare that human rights are not subject to sovereign rights of a country. As the United States set the standards for human rights, it will thus deny the sovereignty of other countries as it likes. Therefore, interference in internal affairs of other countries under the excuse of human rights is identical to armed interference, and both are supported by gangster logic. The UN Charter explicitly stipulates: "This charter cannot be considered as authorization to the United Nations to interfere in affairs which in essence fall within the jurisdiction of a country." Different countries may have different opinions on various events. If they are allowed to interfere in each other's internal affairs under the excuse of "showing concern for human rights," then what norms can there be for international relations? All sovereign states cannot but express strong opposition against the so-called "human rights diplomacy" which blatantly violates international law and serves the purpose of power politics. The U.S. Embassy's offering of sanctuary to Fang Lizhi and his wife also blatantly ignored the relevant stipulation of the Vienna Convention on Diplomatic Relations, which were formulated under the sponsorship of the United Nations. The convention stipulates that a diplomatic mission and its staff must respect and abide by the laws and regulations of the



country where it resides, must not interfere in that country's internal affairs, and must not use the premises of the mission for purposes that are not in keeping with the functions of the diplomatic mission (this mainly means that an embassy has no right giving asylum). What the U.S. Embassy did also violated the principle of "not interfering in each other's internal affairs" in the three joint communiques signed by China and the United States. In this case, can people see a bit of the shadow of "democracy and freedom"?

When commenting on the essence of the United States' "human rights diplomacy," American scholar Laurence Shoup said: "Because the human rights movement is mainly aimed at the socialist countries, it bears a strong anticommunist characteristic and tends to restore the cold war in the ideological field." He also said that "the ulterior objective of the human rights movement is to encourage dissidents in the socialist countries." Obviously, it is a component part of the U.S. strategic plan to promote peaceful evolution. The turmoil and rebellion in Beijing gave a useful lesson to all people. The "human rights and freedom" that the United States tried to help the "dissidents" win are in fact the right and freedom for creating social turmoil, subverting the socialist system, carry out "all-around westernization," and turning the independent China into a vassal of the United States, thus eventually placing most Chinese people again in the position of being enslaved. Of course, the Chinese people will never allow this to happen.

The Chinese people always attached great importance to Sino-U.S. relations and to the friendship with the American people. However, this is not contingent on the good wishes of the Chinese people. The maintenance and development of good relations between the two countries can only be based on the observance by both sides of the principle of "not interfering in each other's internal affairs" which is affirmed by the three joint communiques and the Five Principles for Peaceful Coexistence. Now some people in the United States have broken the promise of not interfering in China's internal affairs, have impaired Sino-U.S. relations, and have hurt the feelings of the Chinese people. We sincerely hope that they will not go too far and that Sino-U.S. relations will not go backward. It is believed that this is also the wish of the American people.

**Yang Shangkun Meets Chinese-Americans**  
OW1207074189 Beijing XINHUA in English  
0636 GMT 12 Jul 89

[Text] Beijing, July 12 (XINHUA)—Chinese President Yang Shangkun met David F. Lee, president, and Peter M. Chow, council member, of the Los Angeles branch of the National Association of Chinese Americans (NACA), here this morning.

Yang briefed the visitors on the quelling of the recent counter-revolutionary rebellion in Beijing. He praised Lee for his efforts made in the long years to promote Sino-U.S. friendship. Lee said he would continue to work for that friendship.

Lee and Chow are here attending an international tourism conference sponsored by the Beijing municipal tourism administration.

## Soviet Union

**Prospects, Problems of Border Trade Examined**  
HK1107154789 Beijing GUOJI SHANGBAO in Chinese  
24 Jun 89 p 3

[Article by Cao Lixin (2580 0500 2450): "Prospects and Problems of the Development of Heilongjiang's Border Trade With the Soviet Union"]

[Text] The volume of Sino-Soviet trade has gradually increased in recent years with the development of Sino-Soviet border trade, which has become an indispensable part of China's activities in foreign economic relations and trade.

Heilongjiang's border trade has been under the direct leadership of the provincial government since its resumption in 1983. Export and import operating rights in border trade are now enjoyed by 188 enterprises. The existence of these corporations has promoted the development of Sino-Soviet border trade. However, problems are surfacing, such as the practice of jacking up import prices and lowering export prices in competition with each other; there is confusion in reinvigoration, with national interests going down the drain. At present, the provincial government is screening and consolidating enterprises involved in border trade, which will develop into groupings. Organized in the wake of consolidation will be 19 regional, professional, and comprehensive border trade corporations, with a complete and perfect macrocontrol mechanism set up to guarantee the continuous, steady, and healthy development of border trade. For example, a general corporation for border trade has already been founded in Heihe Prefecture to coordinate administration over 11 existing enterprises operating in border trade in the prefecture, to make public operational policy, to give professional guidance, and to train qualified people. The general corporation is in charge of all dealings on foreign trade and contracts, while all member enterprises will perform contracts on a separate basis, with accounting done by the general corporation on the principle of joint-stock operation on a voluntary basis and assuming sole responsibility for profits or losses.

## I. Forms and Essences of Trade

In developing border trade, Heilongjiang has chiefly adopted the operational principle of assuming sole responsibility for profits or losses, independent management, seeking commodity resources by one's own efforts, conducting talks, and finding channels and achieving balance on one's own. At present, the province adopts the method of payment in kind in all transactions. Export of labor services is likewise conducted with compensation in kind. However, in Manzhouli City and



Heihe Prefecture, border trade has developed the use of a third country's currency; that is, accounting in transactions can be done in Swiss francs, and the balance can be carried forward to the following year.

Because of a labor shortage, labor intensive products are very popular in the Soviet market. Major exports are mostly high-quality knitwear such as sportswear, pure cotton shirts, towels, and gloves; articles of daily use such as chinaware and thermoses; grain, edible oils, and foodstuff such as maize, soya bean, canned food, and fruits; and building materials such as wallpaper, glazed tiles, mosaics, and marble. These are all backbone exports of Heilongjiang to the USSR at present. In addition, some medium-sized and small-type power machinery and electronic products are also very popular in the USSR. Imports from the USSR are mostly raw materials. Bilateral talks under way are mostly on production materials, timber, cement, glass, and chemical fertilizers, which in China are in short supply.

## II. Progress in Border Trade

Heilongjiang's border trade took off rather late, but with sound results and progress in rapid strides. When Heilongjiang's border trade was first resumed in 1983, the expansion of trade with the USSR was restricted by policies and concepts such as "border areas" (trade was confined to border areas), "small volume" (in both import and export, as a kind of supplement to the state), and "locality" (the exchange of what the locality has for what it wants). Since 1988, Heilongjiang has actively answered the central call for stepping up the pace of and deepening foreign trade restructuring, and adopted measures to step up the pace in border trade with the USSR. The province has stipulated: "All enterprises that have been approved for developing economic relations and trade with the USSR are authorized to conduct activities in economic relations and trade with localities and departments on the Soviet side in various forms, including trade in kind, production cooperation, joint ventures with Chinese and Soviet investment, cooperative management, processing with imported materials (samples), and carrying out compensatory trade, contracted projects, and technological cooperation." This instruction has given powerful impetus to the province's development in border trade with the USSR, with contracts signed amounting to some 300 million Swiss francs, and the province's border trade entering a new phase. Its characteristics are as follows:

1. Increased operational varieties and transaction volume. In 1983, there were only some 10 varieties of imports and exports in the province's border trade with the USSR, but in 1989, there are some 1,000 varieties, and the volume in monetary terms under contracts (by the end of June this year) was 14 times that of 1983.

2. Increased trade tiers and channels. In 1983, there was only a single overseas foreign trade corporation to conduct trade with the Soviet Far East Foreign Trade

Corporation, but now there are 188 enterprises at provincial, prefectural (city), and town levels, which conduct trade with the USSR through several ports.

3. Increased trade partners. In the course of consolidating trade ties with the Soviet Far East Trade Corporation, the province has developed trade with relevant departments, general corporations, enterprises, and places in the USSR such as Chita, Irkutsk, Primorye, Brest, and Amur. Manzhouli alone has established trade partnerships with some 30 units in the above-mentioned areas.

4. Increased projects of economic and technological cooperation. Contracts or letters of intention for some 50 projects of economic and technological cooperation have been initiated since 1988. Export of labor services and contracted projects have initially taken shape.

## III. Future Prospects

China and the USSR are two close neighbors and share the world's longest border, at 7,300 km. Residents in the border areas of the two countries have established economic ties since ancient times. The USSR has recently formulated the strategy of utilizing Japanese and South Korean technologies and Chinese labor services to develop Siberia, and proposed including the Far East in the system of international division of labor through developing foreign trade to exploit natural resources in Siberia and the Far East in a big way. In particular, it was explicitly stipulated in the "Program for Soviet Economic Development" that it is necessary to list the development of the Far East as one of the most important targets in the plan for the development of the entire national economy by the year 2000. Therefore, the USSR is to put 210 billion rubles into construction in that area. At the same time, the USSR is trying its best to step up the pace in reform and opening up to the world, and working hard to strengthen its activities and readjust its policy in foreign economic relations and trade. All this will inevitably promote Soviet foreign economic relations and trade in scaling new heights.

For China's part, Heilongjiang is separated from the USSR only by a river, with a border that stretches some 3,000 km, and communication conditions are favorable. The USSR is rich in natural resources, and developed in terms of heavy industry, but it suffers from a labor shortage, and shortages in articles of daily use. Conversely, China is rich in labor resources, and developed in light and textile industries. Raw materials and energy are our weak links, but indispensable in production and construction. The development of border trade will help supplement each other's needs. Soviet leader Gorbachev's recent visit to China will further promote the development in Sino-Soviet economic relations and trade. Heilongjiang is ready to extend the "1-day tour" from Haihe to Blagoveshchensk, Amur to a "3-day tour," and a "5-day tour." [as published] The railway from Hehai and Beian will be put through in the coming

October, and by then Heihe will be connected with the national railroad network. The building of the Heilongjiang border bridge will also be on the agenda. The double-track railroad from Harbin to Manzhouli and the highway from Dalian to Manzhouli are under construction. The completion of these projects will greatly increase the loading and unloading capacities of these ports.

#### IV. Current Problems

1. Restrictions in external conditions. The traditional pattern of planned economy is still dominant in the USSR. Therefore the Soviet Government requires its enterprises to seek their own balance in foreign economic relations and trade, and insists that each enterprise can only exchange its own products with the Chinese side, while Chinese imports can only be used by the enterprise itself, and should not be transferred or sold. This practice has greatly affected trade between these enterprises and China.

2. Restrictions in the way of trade. Trade in kind is at a rather low level. The Soviet Government has exercised rather strict restrictions on trade with China. For example, the export of some of its raw materials has been strictly restricted. At the same time, it has restructured its exports by increasing the volume of semifinished and finished products, with prices calculated in a third country's currency; moreover, the parity has not been reasonable enough, and delivery of Soviet exports is slow. All this has affected contract fulfillment to a certain extent.

3. Restrictions in conditions of storage and transportation. Many Chinese border trade corporations are newly founded, and their storage and transportation installations have not been formed into a whole range. The stocks for exchange can only be piled in the open air on docks along the river; as a result, some of the stocks are liable to losses. The loading and unloading capacity of Manzhouli port has now reached 3 million tons, and far exceeds the designed capacity. Stocks have also piled up in the railroad station yard, and created great difficulties in sending out goods. Based on initialled contracts, Heihe port will have to deliver some 500,000 tons of freight, but its actual capacity is only 200,000 tons. Its transportation conditions are far behind border trade development.

**Shipping on Chinese-Soviet Border River Reopens**  
SK1207082489 Harbin Heilongjiang Provincial Service  
in Mandarin 2100 GMT 10 Jul 89

[Text] On the morning of 10 July, the port of the Harbin Port office was decorated with fluttering red flags and colorful balloons. At 1000, 300 pigeons symbolizing peace flew skyward amid the popping of firecrackers. With a long sound of a siren, the Longhua 302 cargo ship, carrying 600 tons of chemicals and machinery, left the wharf slowly to sail into the lower reaches of the river, declaring officially the opening of Harbin Port to

the Soviet Union. Other ports of our province, which were opened to the Soviet Union at the same time, were Jiamusi and Fujin ports. Three ports of the Soviet Union—Khabarovsk, (Naykhin, and Bogorodskoye)—were also opened. The Sino-Soviet navigation line, which was suspended for 26 years, has reopened.

Located in the middle reaches of the Songhua Jiang, Harbin Port is the largest key inland water-land transshipment port in Northeast China. It links with seven large and medium-sized cities of the Soviet Union, such as Khabarovsk and Blagoveshchensk, through the Songhua and Heilong Jiang, and with the Sea of Japan through the seaport in the lower reaches of Heilong Jiang and the Tatarsk Strait. Opening Harbin Port to the outside world will help reduce the transportation links in foreign trade and alleviate the strained situation in railway transportation. According to the information provided by foreign trade departments, goods imported from the Soviet Union this year are mostly chemical fertilizer, timber, rolled steel and cement, and goods exported are sundry goods and household electric appliances. It is estimated that goods exported and imported through Harbin Port will reach 200,000 tons this year.

The Longhua 302 cargo ship that sailed out from Harbin Port on 10 July is estimated to reach Khabarovsk Port on the morning of 15 July. The first cargo ship sailing out from the Soviet side will set sail on 12 July, and will arrive in Harbin Port on 17 July.

**Guangzhou To Run Factory in Soviet Union**  
HK1207020889 Beijing ZHONGGUO XINWEN SHE  
in Chinese 0740 GMT 8 Jul 89

[Report: "Guangzhou Is To Run Factories in the Soviet Union"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 8 July (ZHONGGUO XINWEN SHE)—Responding to the request of Blagoveshchensk, a city in the Soviet Union, the Guangzhou People's Machinery Factory will join Heilongjiang's Heihe in establishing a multi-functional factory that will produce soybean milk products in Blagoveshchensk, with cooperation from the Soviet side. This news was released by GUANGZHOU RIBAO today.

According to the news, since the beginning of this year, Blagoveshchensk has been looking for a Chinese partner. On 1 July, when the Sino-Soviet border trade Guangzhou delegation arrived in Heihe, the multi-functional facility for producing soybean milk products owned by the Guangzhou People's Machinery Factory aroused great interest on the Soviet side. With the help of the relevant units in Heihe, both sides initially agreed to establish a factory in the Soviet Union.

According to Deng Dahui, factory manager of the Guangzhou People's Machinery Factory, cooperation between the two sides includes that: The factory will

provide production facilities, technology, and management staff, and the Soviet side will provide laborers and factory buildings. The form of compensation is that the Soviet side will provide the Chinese side with foodstuffs, machines, and production materials. Deng Dahui also said that his factory, in cooperation with Harbin's Power Development Corporation, will run an instant noodles factory in Chita in the Soviet Union.

According to our information, during the 7-day trade talks on Sino-Soviet border trade and technological cooperation, Guangzhou delegation's various enterprises signed 16 contracts with the Soviet side, involving commodities such as automobiles, umbrellas, wall paper, and spectacles.

**Daqing Petrochemical To Renovate Soviet Plant**  
*SK0807011989 Harbin HEILONGJIANG RIBAO in Chinese 30 May 89 p 1*

[Text] Not long ago, Suifenhe City and the Soviet city of (Cherkath) signed an agreement on renovating the urea workshop of the (Arthot) chemical fertilizer plant. This is the first time China has helped the Soviet Union in renovating a chemical industrial enterprise.

After consultations with the Daqing Petrochemical Industrial General Plant, the Suifenhe City (Group) Corporation for Foreign Economic Relations and Trade has entrusted the Daqing Petrochemical Industrial General Plant to undertake this renovation project. Upon completion of the project, the annual output of this urea workshop will reach 480,000 tons. At present, the Suifenhe City (Group) Corporation for Foreign Economic Relations and Trade and the Daqing Petrochemical Industrial General Plant, which has been entrusted to undertake this renovation project, are conducting inspections, appraisals, and are making preparations for this project in line with the agreement.

**Jiamusi City Signs Trade Contracts With USSR**  
*OW1107110689 Beijing XINHUA in English 0554 GMT 10 Jul 89*

[Text] Beijing, July 10 (XINHUA)—The Jiamusi Local Foreign Economic and Trade Corporation has signed contracts worth nine million Swiss francs with the Soviet Union since it was established last May, the OVERSEAS EDITION of the "PEOPLE'S DAILY" reported today.

Located in Jiamusi, an important city in northeast China's Heilongjiang Province and near the Soviet border, the corporation exports to the neighboring country over 80 kinds of commodities, including timber-processing facilities and ice cream machines, and imports a dozen types of goods such as steel, chemical fertilizers and daily necessities.

The corporation has also set up trade ties with more than 100 enterprises in 30 Chinese provinces and cities.

It also takes advantage of commodity fairs and visits to the Soviet Union to contact Soviet businessmen and find trade partners.

This year the corporation is expected to earn 20 million Swiss francs from exporting butter to the Soviet Union, the paper said.

**Northeast Asia**

**DPRK Envoy Gives Treaty Anniversary Dinner**  
*OW1107004789 Beijing XINHUA in English 1336 GMT 10 Jul 89*

[Text] Beijing, July 10 (XINHUA)—Ambassador of the Democratic People's Republic of Korea (DPRK) to China, Chu Chang-chon, gave a dinner here this evening to mark the 28th anniversary of the signing of the Treaty of Friendship, Cooperation and Mutual Assistance Between DPRK and China.

Present on the occasion were Peng Chong, vice-chairman of China's National People's Congress Standing Committee, and other high ranking officials from the Chinese Ministry of Foreign Affairs, the international liaison department of the Chinese Communist Party (CPC) Central Committee, and other relevant departments.

In his toast, Peng Chong said since the signing of the treaty, the Sino-Korean [words indistinct] got all-around developed through the joint efforts of both sides. This not only helped consolidate the traditional friendship cemented by blood between the two peoples, but also made great contributions to the growth of socialist constructions of the two countries, to the relaxation of situation on the Korean peninsula and to the maintenance of peace in Asia.

Peng Chong said that "not long ago the Chinese Government successfully quelled a rebellion in the capital, crushing the counter-revolutionary conspiracy of a small handful of people attempting to overthrow the CPC and socialist China. We would like to extend our sincere thanks to the Korean Party, Government and people for their understanding and support to us at that moment when there was a vital bearing on the fate of China. We firmly believe that in whatever circumstances the traditional Sino-Korean friendship built up by the proletarian revolutionary veterans of the two countries will pass on from generation to generation."

The DPRK ambassador said that the great friendship between the Korean and Chinese people is a good example of proletarian internationalism. "The past 28 years since the signing of the treaty have witnessed close unity and cooperation between the people of the two countries in politics, economy, culture military and other fields," he said.



**Liaoning Marks Anniversary of Sino-Korean Treaty**  
*SK1207045789 Shenyang Liaoning Provincial Service  
in Mandarin 0930 GMT 10 Jul 89*

[Text] The 28th anniversary of the signing of the Sino-Korean Treaty on Friendship, Cooperation, and Mutual Assistance falls on 11 July 1989.

On the evening of 8 July at Shenyang City's (Youyuan) Guesthouse, the Liaoning Provincial Sino-Korea Friendship Association held a party to mark the 28th anniversary of the signing of the Sino-Korean Treaty on Friendship, Cooperation, and Mutual Assistance. Yu Jingqing, president of the provincial Sino-Korean Friendship Association; Yu Xiling, vice president of the association; and responsible persons of relevant departments of the province and Shenyang City attended the party.

Yu Man-pok, consul general of the DPRK in Shenyang, and his wife; and consuls and their wives were invited to attend the party.

President Yu Jingqing and Consul General Yu Man-pok delivered speeches at the party.

**Korea-PRC-Hong Kong Tourism Route Opens**  
*OW1107224689 Beijing XINHUA in English  
1434 GMT 11 Jul 89*

[Text] Shenyang, July 11 (XINHUA)—China has, for the first time, opened a Hong Kong-Chinese mainland-Korea tourist route for tourists from Hong Kong, Macao and overseas.

Tourists who travel on this route may have sightseeing in the cities of Guangzhou, Dalian, Shenyang and Dandong in China and Pyongyang, Kaesong and three other places in Korea.

The route was opened by the Tourist Department of Dandong City, Liaoning Province bordering on Korea, and has won the approval and support from the Korean Tourist department.

### **Southeast Asia & Pacific**

**Official To Discuss Cambodia Meeting With Thais**  
*HK1207102489 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0924 GMT 12 Jul 89*

[Report: "Chinese Vice Foreign Minister Liu Shuqing To Visit Thailand Late July"—ZHONGGUO TONGXUN SHE headline]

[Text] Bangkok, 12 Jul (ZHONGGUO TONGXUN SHE)—According to informed sources in the Thai Foreign Ministry, Chinese Vice Foreign Minister Liu Shuqing will visit Thailand from 18 to 24 of July to discuss the Cambodian issue with the Thais.

Liu Shuqing and Thai Foreign Minister Sitthi will discuss the international conference on the Cambodian issue to be held in Paris from 31 July to 1 August.

In addition, Thai Government spokesman Suwit Yotmani disclosed that Thai Premier General Chatchai yesterday afternoon met with President Wang Feng of the Chinese Association for Friendship with Foreign Countries at his residence.

**Commentary Cites SRV Reaction to ASEAN**  
*BK1207134889 Beijing International Service  
in Vietnamese 1100 GMT 11 Jul 89*

[Commentary: "Vietnam Is the One Who Lacks Logic"]

[Text] Speaking in Bangkok on 7 July, Vietnamese Foreign Minister Nguyen Co Thach unjustifiably criticized the joint communique of the ASEAN foreign ministerial conference in Brunei on the Cambodian issue by saying that the communique showed disrespect for agreements and lacked logic. Nevertheless, a brief analysis would lead to the conclusion that it is Vietnam and no one else who lacks logic.

According to Mr Nguyen Co Thach, the statement of the ASEAN foreign ministers mentioned the request for Vietnam to withdraw its troops from Cambodia by September this year but did not touch on the other half of the issue; that is, the commitment to prevent the return to power of the Khmer Rouge.

Mr Nguyen Co Thach wanted to kill two birds with one stone, disintegrating the anti-Vietnam coalition government while at the same time supporting the Phnom Penh administration that Vietnam has established with the support of bayonets.

As everyone knows, the underlying cause of the Cambodian issue rests with Vietnam's war of aggression. It goes without saying that a solution to the Cambodian issue calls for efforts on the part of Vietnam to unconditionally withdraw its troops from Cambodia, dissolve the puppet Phnom Penh administration, and let the Cambodian people exercise the right to self-determination without outside interference. This is the logic that must be applied in order to resolve the Cambodian issue.

Nevertheless, Mr Nguyen Co Thach tried to make his point by acting as if he were an outsider having no idea about Vietnam being the invader. He criticized the stance of the ASEAN foreign ministerial conference in Brunei by saying that the ASEAN countries have taken a step backward and that this move would lessen the possibility of an agreement at the international conference to be organized in Paris this August.

As people still may recall, it is Vietnam and no one else who has misspoken and lessened the possibility of an agreement on the Cambodian issue. Vietnam has more than once announced its troop withdrawals, which have

been nothing but troop rotations. Vietnam has announced that it will effect a complete troop withdrawal from Cambodia by September this year. Nonetheless, it has refused to place its troop withdrawal under effective international supervision and planted troops in Cambodia to wage civil war. Vietnam has left no stone unturned in its effort to condemn the Khmer Rouge for persisting in the anti-foreign aggression struggle and for joining the future coalition government. In the meantime, it has tried by all means to support the Vietnam-backed Phnom Penh puppet administration so the latter can protect the interests of the invaders.

One would be tempted to raise this question: What kind of logic is Mr Nguyen Co Thach advocating? The ASEAN foreign ministerial conference called for the withdrawal of all Vietnamese troops from Cambodia under international supervision, the establishment of a quadripartite Cambodian coalition government, and a comprehensive political solution aimed at resolving the international and internal aspects of the Cambodian issue. This is a completely logical and sensible solution to the Cambodian issue at present. Only in this way can there be conditions for ending the war of aggression that Vietnam has waged against Cambodia.

Because the communique of the ASEAN foreign ministerial conference has foiled Vietnam's dark scheme aimed at prolonging its occupation of Cambodia, Mr Nguyen Co Thach has painstakingly criticized this foreign ministerial conference in an effort to prevent a political solution to the Cambodian issue.

**Singapore Minister Details Investment in PRC**  
*OW1107214589 Beijing XINHUA in English*  
1804 GMT 11 Jul 89

[Text] Singapore, July 11 (XINHUA)—Singapore companies have so far invested about 500 million Singapore dollars (250 million U.S. dollars) in China, mainly in properties and hotels, Minister of State for Trade and Industry Mah Bow Tan said today.

Replying to a member of parliament, Mah told Parliament that other investments by Singapore firms in China were in manufacturing and industries related to construction, consultancy and tourism.

Investments in export oriented industries in China were likely to be less affected despite of recent events in China, he said.

So long as China's open trade policy continued, such investments were likely to go on, he added.

According to the data from Singapore Trade Development Board, the trade volume between China and Singapore reached 5.7 billion Singapore dollars (2.85 billion U.S. dollars) last year. Singapore's exports to China were 2.3 billion (1.15 billion U.S. dollars), while its imports from China were 3.4 billion (1.7 billion U.S. dollars).

**Near East & South Asia**

**Yao Yilin Meets Head of Kuwaiti Business Group**  
*OW1207141889 Beijing XINHUA in English*  
1106 GMT 12 Jul 89

[Text] Beijing, July 12 (XINHUA)—Chinese Vice-Premier Yao Yilin met al-Rayes, president of the al-Rayes Group of Kuwait, and his party in the Great Hall of the People here today.

The al-Rayes Group is a transnational group which consists of over 10 corporations of the Gulf countries. It chiefly engages in real estates, labor contracts, precious metals and construction businesses, among others.

President al-Rayes is here to learn about the current political and economic situations in China and inspect the progress of a joint-venture project undertaken with a sub-corporation under the China International Trust and Investment Corporation. He also intends to explore possibilities for further cooperation with Chinese departments concerned.

During the meeting, al-Rayes expressed that he valued the friendship and cooperation with China and hoped complete the ongoing joint-venture project as soon as possible. He added that China is very good place for investors. The Kuwait business circles "will definitely increase its investment in China."

Yao said that countries with different social systems can cooperate successfully. China has conducted some very fruitful cooperations with the Kuwait Government. Its cooperation with private business circles of Kuwait has also started. He believed that the government-to-government and people-to-people cooperations between the two countries will expand further.

**Sub-Saharan Africa**

**Jiang Zemin Meets Ethiopian Party Delegation**  
*OW1007112489 Beijing XINHUA in English*  
1114 GMT 10 Jul 89

[Text] Beijing, July 10 (XINHUA)—Chinese Communist Party (CPC) leader Jiang Zemin met here today with a delegation from the Workers Party of Ethiopia (WPE) led by Shimelis Mazengia, member of the Political Bureau and secretary of the WPE Central Committee.

Jiang, general secretary of the CPC Central Committee, extended a warm welcome to the Ethiopian visitors. He said that there existed profound traditional friendship and good cooperative relations between the two parties, the two nations and the two peoples.

He said that WPE General Secretary Mengistu Haile Mariam, who had visited China twice, had laid a solid foundation for the development of friendly relations and cooperation between the two countries and the two parties.

Jiang asked Shimelis to convey his regards to Mengistu and his thanks for Mengistu's congratulatory cable when Jiang was elected general secretary.

He said, "I am very glad to see that the friendly relations of cooperation between the two parties have entered into a period of steady development."

Jiang expressed conviction that the friendly ties of cooperation between the two countries and the two parties will further expanded by exchange of visits, information and opinions.

Shimelis said that WPE attaches importance to its friendly relationship with CPC.

He said that his current visit offered him a chance to learn more about China.

He said: "We are glad to see that China has brought the situation under control."

This evening, Song Renqiong, vice-chairman of the CPC Central Advisory Commission, met with and gave a dinner in honor of the delegation.

**Ghanaian Expresses Sympathy With PRC Actions**  
*OW0807014289 Beijing XINHUA in English*  
0007 GMT 8 Jul 89

[Text] Accra, July 7 (XINHUA)—Ghana fully sympathized and understood the just action taken by the Chinese Government against the recent counter-revolutionary rebellion in Beijing, said Dr. E.G.A. Don-Arthur, chairman of the Ghana State Committee for Economic Cooperation.

During his meeting with Chinese Ambassador to Ghana Cui Jie, Dr. Don-Arthur said the Ghanaian Government and people have long been aware of certain Western countries' conspiracies to disrupt other countries' stability and security.

He praised China for its role in the Third World.

The peoples of the Third World countries should support each other and strengthen their cooperation, Dr. Don-Arthur added.

**West Europe**

**Fugitive Student Leader Attends Paris Ceremony**  
*AU1207124289 Paris AFP in English*  
1232 GMT 12 Jul 89

[Text] Paris, July 12 (AFP)—Top Chinese student leader Wuer Kaixi, who has been holed up in Paris since fleeing the June 4 Tiananmen Square massacre, broke cover here for the first time Wednesday.

Mr. Wuer turned up at a public ceremony to unveil a replica of a Statue of Liberty Chinese students put up in Tiananmen Square during the May pro-democracy demonstrations.

Heading the Beijing regime's wanted list, Mr. Wuer is president of the Autonomous Association of Chinese Students. The association's vice-president, a fellow fugitive, was also at Wednesday's ceremony.

The statue was unveiled in the Villette Park in northern Paris.

**Sports Exchange Agreement Signed With Italy**  
*OW1207014689 Beijing XINHUA in English*  
0101 GMT 12 Jul 89

[Text] Beijing, July 12 (XINHUA)—China will send rowing, water skiing, basketball, men's handball and gymnastics teams to visit Italy this year, according to the Chinese Olympic Committee [C.O.C.] here today.

The C.O.C. said the Italian Olympic Committee will send motor boat, archery and synchronized swimming teams to visit China, according to the 1989 sports exchange agreement signed between the two countries on July 5 in Rome, Italy.

**East Europe**

**Yao Yilin Holds Talks With CSSR Counterpart**

**Discusses Economic Reform**  
*OW1107120389 Beijing XINHUA in English*  
1029 GMT 11 Jul 89

[Text] Beijing, July 11 (XINHUA)—Yao Yilin, vice-premier and minister in charge of the Chinese State Planning Commission, held talks here today with Jaromir Zak, Czechoslovak vice-premier and chairman of the State Planning Commission.

They exchanged views on the basic direction of bilateral economic cooperation in the coming years, exchanged experience in the economic reform and planning work, explored ways and means for cooperation between the two planning commissions and discussed how to further trade and economic cooperation between the two countries.

Zak and his party arrived here at noon today.

**Appreciates CSSR 'Understanding'**

LD1107175989 Prague CTK in English  
1608 GMT 11 Jul 89

[Text] Beijing July 11 (CTK correspondent)—China's and Czechoslovakia's interest in maintaining the present dynamic of economic cooperation in the nearest future was expressed by Chinese deputy premier and minister-chairman of the State Planning Committee Yao Yilin and Czechoslovak Deputy Premier and State Planning Commission Chairman Jaromir Zak here today.

The two sides agreed that Czechoslovak-Chinese cooperation should acquire forms that correspond to the present needs, which means that simple goods exchange should be gradually substituted by cooperation on a higher level, joint ventures and entrepreneurial activities on third markets.

Yao Yilin highly appreciated the understanding shown by the Communist Party of Czechoslovakia and the Czechoslovak people for the action of Chinese authorities in suppressing recent anti-socialist riots in the Chinese capital.

**Yao Meets GDR Guests; Discusses Price Systems**

OW1207114489 Beijing XINHUA in English  
1042 GMT 12 Jul 89

[Text] Beijing, July 12 (XINHUA)—Vice-Premier Yao Yilin met Democratic Germany's price delegation headed by Walter Halbritter, minister and head of the price office, here today at the Great Hall the People.

Both sides briefed each other on their own pricing systems and problems they are facing.

**Latin America & Caribbean**

**Kang Keqing Receives Cuban Party Delegation**

OW1107120089 Beijing XINHUA in English  
1105 GMT 11 Jul 89

[Text] Beijing, July 11 (XINHUA)—Kang Keqing, vice-chairman of the Chinese People's Political Consultative Conference National Committee, met Melba Hernandez, member of the Cuban Communist Party Central Committee and director of the Research Center on Asian and Oceanian Affairs, and her party here today.

Melba has visited China many times. She and Kang had an amicable talk.

Melba and her party arrived here on Sunday for a visit at the invitation of the International Liaison Department of the Chinese Communist Party Central Committee. The visitors are scheduled to tour Xian and Guangzhou.



## Political & Social

### Jiang Zemin, Li Peng Address PRC Envoys

OW1207115189 Beijing Domestic Service  
in Mandarin 0930 GMT 12 Jul 89

[From the "National Hookup" program]

[Text] At a meeting this morning at Zhongnanhai with all representatives attending the seventh conference of Chinese envoys to foreign countries, Jiang Zemin, general secretary of the CPC Central Committee, and Li Peng, premier of the State Council, made important speeches on such questions as the quelling of the counterrevolutionary rebellion in Beijing, the current domestic political and economic situation, and China's foreign policy.

Premier Li Peng was the first speaker at the meeting. He pointed out: Because of the turmoil and counterrevolutionary rebellion that occurred recently in Beijing, we have suffered losses and paid a very big price. From the overall viewpoint and the overall angle, however, history has proved that this is also a good thing. This incident has presented our party with a rigorous test, aroused the political consciousness of the vast numbers of party members and cadres as well as the masses of people, removed the interference in our implementation of the principles and policies established at the 3d Plenary Session of the 11th CPC Central Committee, and set up a new leading collective of the party Central Committee with Comrade Jiang Zemin as the core.

Li Peng said: In the recent turmoil and rebellion, the overwhelming majority of our diplomatic personnel have exhibited good performances and a firm stand, and safeguarded our national dignity. On behalf of the party Central Committee and the State Council, Li Peng extended cordial regards to all comrades working on the diplomatic front.

He said: Being far away from the motherland and affected by the news reports and public opinion in the West, Chinese students studying abroad took part in demonstrations and made some extremist speeches under the condition of being unclear about the truth of the matter. The party and Government will not probe into what they did. [dang he zheng fu bu hui zhui jiu] They themselves should earnestly sum up experience and conclude lessons. We hope that they will study hard, and we welcome them to come back to serve the motherland after they have completed their studies.

Li Peng reiterated that China's independent and peaceful foreign policy will remain unchanged, and that there will be no change in its tenet of developing friendly relations with all other countries on the basis of the Five Principles of Peaceful Coexistence. He hoped that diplomatic personnel would do what can be expressed by 16 characters; that is, keep the principle unchanged, overcome difficulties, uphold the tenet, and do more work.

Li Peng said: Embassies abroad are organs representing a country. China's diplomatic personnel should uphold the four cardinal principles, oppose bourgeois liberalization, improve their political quality and work proficiency, and contribute their part to safeguarding the dignity of the motherland and achieving a peaceful international environment for its program of the four modernizations.

In addition, Li Peng told the envoys that China's economic situation during the first half of this year was fine, adding that further results are being produced by the series of measures adopted by the party Central Committee and the State Council to improve the economic environment and rectify the economic order.

Li Peng discussed, one by one, the four major fields of work which were laid down by the fourth plenary session of the party Central Committee and which should be accomplished now. Concerning doing things which are of practical benefit to the people and are of utmost concern to them, he said: The leadership core of the party Central Committee has studied the questions of opposing corruption, punishing bureaucratic racketeering, and solving the problem of unfair distribution. When studying these problems, we kept two points in mind: 1) We should start with ourselves and the party Central Committee; and 2) we should avoid empty talk and work out effective measures.

In conclusion, Premier Li Peng said: The principles, line, and policies formulated by the 3d Plenary Session of the 11th CPC Central Committee are correct. They will not be changed by the current turmoil and riot. He hoped that comrades on the diplomatic front will display the glorious traditions, overcome temporary difficulties, and do a better job in all fields of work.

General Secretary Jiang Zemin was the next speaker. He used vivid facts to explain, with emphasis, the larger international setting and the smaller setting at home which developed as an inevitable result of this disturbance. He also expounded on the ways to successfully integrate politics and the economy in diplomatic work, vigorously strengthen education on upholding the four cardinal principles and patriotism among personnel stationed abroad, and effectively solve the problem of unfair distribution and other problems in domestic economy.

After analyzing the international background of the occurrence of this turmoil and riot, Comrade Jiang Zemin said: Opening to the outside world is our unshakable basic state policy. However, we should heighten our vigilance when dealing with the complicated political struggle abroad. In handling our relationship with foreign countries, we should give equal attention to the economy and politics, friendship, and strategy. This is the doctrine that everything has two aspects as applied in diplomatic work. It also conforms with the requirements of the party's basic line of "one center, two basic points."



Jiang Zemin said: we should beef up our efforts in propaganda abroad, use facts to clarify rumors created by some mass media of the West, and help the many foreign friends dispel their misunderstanding.

Jiang Zemin stressed: The party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee are completely correct. However, in recent years, the efforts to uphold the four cardinal principles have been relaxed. We should steadfastly carry out the struggle and education on upholding the four cardinal principles, and oppose bourgeois liberalization. We should conduct education in patriotism and moral courage among the people throughout the nation, young students in particular, so as to enhance their national self-respect. Diplomatic personnel in particular should be impervious to the temptation of wealth and high position, unswayed by poverty, and unyielding to brutal force.

Jiang Zemin also said that the party Central Committee and the State Council will have the determination to effectively solve the problem of unfair distribution in the society, fully bring out the role of the working class as the major force, mobilize the enthusiasm of the large number of intellectuals, and increase the coherent power.

Attending the meeting were Wu Xueqian, Qin Jiwei, Ji Pengfei, Luo Gan, Qian Qichen, and responsible persons of the departments, ministries, and commissions under the Party Central Committee and the State Council, as well as veteran comrades who have worked on the diplomatic front for a long period of time.

The seventh conference of Chinese envoys to foreign countries was held in Beijing from 6 to 12 July. China's ambassadors, consuls general, and trade representatives to foreign countries, as well as representatives to international organizations, totaling more than 150 people, attended the conference. During the conference, the envoys earnestly studied documents of the 4th Plenary Session of the 13th CPC Central Committee and Comrade Deng Xiaoping's important speeches; studied and analyzed the current international situation; and discussed China's work toward foreign countries.

In their discussions, the envoys unanimously expressed their firm support for decisions made by the 4th Plenary Session of the 13th CPC Central Committee. The conference held that: The general trend and pattern of development of the current international situation has not changed; the world still faces two major issues, namely, peace and development; and all attempts to interfere in China's internal affairs and to apply pressure on China violate the Five Principles of Peaceful Coexistence and norms of international relations. These attempts are unpopular, shortsighted, and will not succeed. China's policy of reform and opening to the outside world will not change; its independent foreign policy will not change; and its policy of developing friendly and cooperative relations with all countries on the basis of the

Five Principles of Peaceful Coexistence will also not change. The envoys pledged that, on the basis of summing up experience, they will do better diplomatic work and will make new contributions to safeguarding world peace and promoting China's socialist modernization.

Vice Premier Wu Xueqian made a speech at the conference. Foreign Minister Qian Qichen gave a report at the conference on the international situation and China's foreign policy. Luo Gan, secretary general of the State Council; Zhu Liang, director of the International Liaison Department of the CPC Central Committee; Zheng Tuobin, minister of foreign economic relations and trade; Teng Teng, vice minister in charge of the State Education Commission; and (Zeng Jianxin), deputy director of the Propaganda Department of the CPC Central Committee; made speeches and special reports at the conference.

**Jiang Zemin Views Unfair Social Distribution**  
*HK1107140189 Beijing QIUSHI in Chinese*  
*No 12, 16 Jun 89 pp 5-9*

[Article by Jiang Zemin (3068 3419 3046): "Conscientiously Eliminate Unfair Phenomena in Social Distribution"]

[Text] At present, the problem of income distribution has become a focus of attention of various circles in society. I would like to express my views on this issue.

**New Situation and New Problems in the Present Field of Distribution**

On the basis of the sustained and stable increase in our national economy following the 3d Plenary Session of the 11th CPC Central Committee, the level of income of the people has increased by a comparatively big margin. According to statistics, in 1988 the average wage of workers and staff members in Shanghai was 2,181 yuan, 220 percent higher than the 672 yuan in 1978. The average annual growth rate was 12.4 percent. After deducting the factor of price hikes, from 1978 to 1987 the actual average wage increase of workers and staff members was 6.9 percent. In 1988, there was another increase of 1.1 percent over 1987. The per capita net income of peasants in the rural areas was 1,301 yuan, 240 percent higher than the 378 yuan of 1978. The average annual growth rate was 13.2 percent. After deducting the factor of price hikes, from 1978 to 1987 the average annual growth rate was 11 percent. In 1988, it increased again by 3.7 percent. Due to their increased incomes, the living standards of urban and rural people have improved markedly. By the end of 1988, saving deposits of urban and rural people were 14.1 billion yuan, 680 percent higher than in 1978.

With the increase in the overall incomes of urban and rural residents, the income gap between individuals has also widened, and the structure of individual incomes has changed. The previous unitary wage income has been

gradually changed into a combination of wage income, capital income, property income, operational income, labor hiring income, various kinds of subsidies and welfare, and so on. The percentage of income other than wage income has been increasing gradually, and has become the major component.

In the past, the government adopted highly concentrated measures of regulation and control to deal with individual income. But this method of direct control over unified income and distribution has developed into indirect control. Through the policy of macroscopic control, the state has stressed the principle of distribution according to work with regard to individual income from work, so that the income of workers and staff members is linked to increases in the economic results of their enterprises. Economic levers such as taxes and so on are used to regulate and control excessively high individual income.

The deepening of the reform in the distribution system has changed to a certain extent the egalitarian practice of "eating from the same big pot" with regard to income distribution, has aroused the enthusiasm of workers and staff members in enterprises and institutions, and has played a positive role in enhancing labor productivity and the overall efficiency of our social and economic activities. However, due to the fact that the direct control of the government over income distribution has markedly weakened, and that the new system of macroscopic and indirect regulation and control is not yet perfect, the problems arising in distribution have not been completely solved. In the meantime, some new contradictions and problems have arisen, which are reflected in the following two aspects:

1. The stubborn disease of egalitarianism has not been cured. In certain departments and certain fields, it has even spread, or expanded. This problem is particularly serious in the distribution of wages in state-owned enterprises and institutions. First, the gaps between the wages of different kinds of working personnel have been increasingly narrowed. According to the results of an investigation made by the State Statistical Bureau in 48 cities, when a comparison between January-April 1988 and 1985 was made, it was found that the salary gap between trainee research workers and research fellows in scientific research units dropped from 1:3 to 1:2. The salary gap between hospital doctors in general and doctors in charge dropped from 1:3 to 1:2.2. The salary gap between third-grade teachers and senior teachers in secondary schools dropped from 1:3 to 1:1.8. The salary gap between assistants and university professors dropped from 1:41 to 1:1.21. In state organs, the salary gap between working personnel in general and bureau chiefs dropped from 1:3.1 to 1:1.6. Second, on average the proportion of bonuses in individual income has increased continuously. According to reports by relevant departments, in a number of enterprises the average proportion of bonuses in individual income exceeds 50 percent, and in some other enterprises it is as high as

over 70 percent. In government institutions, bonuses are basically issued on an average basis. In addition, the amount of various kinds of subsidies, allowances, labor protection welfare, wages in kind, and so on has increased very rapidly, and has become an important part of the wage income of workers and staff members. All this income outside basic wages is basically shared by all on an average basis regardless of contribution.

The practice of "eating from the same big pot" in distribution has encouraged the spread of the idea of egalitarianism, and weakened the incentive role of wage income. People are jealous of the reasonable and higher pay of a number of model workers, crackerjacks, and operators of enterprises. Very often, it invites ridicule and slander. All this has dampened their creativeness and enthusiasm. Some people are keen on vying with one another to seek higher income, although their labor productivity is low. This has aggravated the inflation of consumption funds, and impeded the development of production. Complaints are heard everywhere because of this.

2. The income gap between a small number of persons who have "second jobs" and those whose incomes do not come from wages, and the broad masses of workers and staff members is too wide. For example, some workers and staff members while on duty carry out unlicensed business operations, or serve as "brokers" for contract projects. They can get fairly large amounts of "commissions" and "benefits." The annual incomes of some staff members who have second jobs while on duty can reach several thousand yuan, or several tens of thousands of yuan. By comparison, we find that the income of the majority of cadres and people who are working hard on the forefront of production, scientific research, and teaching is too low. The income of mental laborers is lower than that of physical laborers. Those engaged in complex labor earn less than those engaged in simple labor. This phenomenon is fairly common. The income of those employed by enterprises in other provinces or cities, and the income of those who are active in the circulation field is obviously on the high side. In particular, some lawbreaking traders and pedlars have resorted to illegal operational means such as fictitious bargains, cheating, monopolizing, jacking up prices, adulteration, giving short measure, tax evasion, and so on to wantonly harm the interests of the state and the masses, and have earned huge profits. According to investigations by relevant departments, more than 70 percent of individual laborers evade tax. The situation of unlicensed operators evading tax is even more serious. The average income of each individual trader is over 5,000 yuan, as estimated in accordance with trade volumes reported by themselves, and 10 percent of them earn more than 10,000 yuan. In some small commodity markets, 80 percent of individual traders earn more than 10,000 yuan a year. Some of them earn several tens of thousands of yuan, or several hundred thousand yuan.

The situation of too wide income gaps has seriously affected the enthusiasm and initiative of the broad

masses of workers and staff members in labor and work. The educational level of most of those individual traders and other persons who take the opportunity of the replacing of the old system with the new one to get rich through illegal means is generally low. They live an extravagant life without working hard. This has seriously affected workers, peasants, intellectuals, and those persons in various circles in society who live on their wages. This has also corrupted the general mood of our society, and has been harmful to stabilizing the common aspirations of the people. This can also lead to social instability, and directly influence the concept of value of our younger generation. This is harmful not only to the deepening of reform and opening up, but also to the healthy development of the work of improving the economic environment and rectifying the economic order, such as compressing demand, exercising control over inflation, and so on.

#### **Correctly Understand the Two Manifestations of Unfair Phenomena in Distribution**

What is unfair distribution? It is a difficult point to understand. Theoretically speaking, social equity based on equal rights must be conditioned by the economic and cultural development of society. In different stages of development, the connotation of social equity is also different. Social equity must be assessed by whether it is beneficial to the development of social productive forces and social progress. In an economy based on the socialist public ownership system, the masses are the masters of social means of production, and the main principle governing distribution is distribution according to work. Since the 3d Plenary Session of the 11th CPC Central Committee, our party has been implementing a policy of permitting some regions, some enterprises, and some individuals to get rich first through hard work in order to bring along people throughout the country to embark on the path of common prosperity. This conforms with the principle of distribution according to work. With the implementation of this policy, income gaps are determined by working ability and contributions. Some might get rich earlier, and some might do so later. The policy is fair. Generally speaking, due to the fact that differences in people's capabilities and contributions are limited, the implementation of the principle of distribution according to work will not lead to too wide a gap between rich and poor. Egalitarianism opposes the gap indiscriminately. This is the first manifestation of unfair distribution.

At present, we are still in the initial stage of socialism. Apart from the public ownership system, which plays a dominant role, various kinds of ownership system also exist. We have also correspondingly permitted income gained other than through labor, because it is beneficial to enlivening the entire social economy. However, for all members of society, the opportunity to gain income other than through labor is unequal, and it is liable to widen our income gaps. Therefore, the party and government have adopted methods and policies in terms of

distribution, tax, prices, industrial and commercial administration, and so on to impose certain restrictions on income gained other than through labor. If operators observe discipline and law, it is difficult for them to become upstarts. However, the problem now is that a small number of persons rely on illegal means, such as tax avoidance, cheating, monopolizing markets, jacking up prices, abusing power for private gain, corruption, taking bribes, smuggling and profiteering, and so on to gain ill-gotten wealth. This is another important manifestation of unfair distribution. People now talk a lot about it.

How do the two manifestations of unfair distribution mentioned above occur? Let us first focus our attention on egalitarianism. In China, the egalitarian concept of small peasant economy goes back a long way. A long period of time is needed to eliminate its broad influence over the people. Furthermore, our country is in the initial stage of socialism. Under the condition that the level of our productive forces is still low, demonstrating social equity, ensuring that people in general have enough to eat and wear and that they can live and work in peace and contentment, is a important principle of distribution. However, if we only emphasize equity at the expense of efficiency, the trend of egalitarianism is apt to develop. In addition, the prerequisite for the implementation of the principle of distribution according to work is equal opportunity. Due to the restrictions of the old administrative system and pricing policy, and the lack of rules and regulations governing equal competition among different occupations, units, and trades, in their competition workers lack equal opportunity. This situation can give rise to one's income not matching one's labor. Those engaged in simple labor requiring less knowledge and skill can earn a higher income. However, those engaged in complex labor requiring more knowledge and experience fail to get their due remuneration. Income gaps caused by all this are obviously unreasonable. Due to the fact that the state has not established effective mechanisms for regulating incomes, in sectors whose income distribution is directly controlled by the state, and state-owned enterprises and institutions in particular, the egalitarian trend in income has arisen very often.

Let us look at the matter of great disparity of income. It is not directly caused by party policy. It has occurred because a small number of persons violate law and discipline, or avail themselves of loopholes in the state policy. However, we should also realize that in the course of reforming the old system, and perfecting the new system, due to the fact that the double-track system still exists, and some policies and measures for reform have not been perfected and systematized, a small number of persons can truly take advantage of this. In addition, actual practice in reforming the distribution system is constrained by the stage of economic development, the level of development of the new system, traditional concepts of society, and force of habit. This has given rise to certain defects in certain specific policies for



distribution and reform. In the meantime, the power of the state for effectively regulating and controlling income distribution is obviously not strong enough. As a result, in sectors which are directly controlled by the state, egalitarianism continues to exist. In sectors which are not directly controlled by the state, and in places where the indirect control of the state is not effectively exercised, the income of some persons who are engaged in certain economic activities is on the high side. The experiences of various developing countries in the world have shown that in the initial stage of economic growth, there is very often a trend of the widening of income gaps. If this matter is not handled well, social stability can be affected. We should guard against it.

Egalitarianism and excessively big income gaps also mutually influence each other. For example, we intend to overcome egalitarianism. However, excessively big income gaps impede reasonable income gaps, because excessively big income gaps can undermine social equity and sap people's morale. In particular, while the new and the old systems coexist, the unhealthy trend of competing with each other in income rather than in contribution and the trend of egalitarianism can easily be encouraged. This will give rise to the practice of "eating from the same big pot" at the level of higher income. Furthermore, egalitarianism can also widen income gaps because the trend of egalitarianism can harm economic efficiency and dampen the enthusiasm of laborers, so that certain people might be at odds with the public ownership system. This might also encourage certain people to adopt illegal means to attain their selfish desires. It is obvious that unfair distribution of egalitarianism and excessively big income gaps mutually influence and condition each other. We must pay close attention to them.

In addition, at present, severe inflation is also a direct cause of the intensification of the contradiction of unfair distribution. Inflation can produce an effect of redistribution. Under the condition of sustained price hikes, people's expenses in their daily life have generally increased. However, people working in different units and trades have different sources of income. The level of compensation for personal income differs. The compensation for people whose wages come from the state budget must rely on the state. Usually, such compensation is stagnated, or insufficient. However, material production departments such as enterprises and others can compensate the actual wages of their workers and staff members through various means. Their compensation might also be above average. As a result, there will be a marked gap between the income of those who are working in the material production departments and those working personnel of state organs and units. During a period of inflation, the income of workers and staff members increases. To a great extent, the purpose in so doing is to compensate the loss caused by the actual decline in income. This might weaken the incentive for workers and staff members to increase their income through hard work, but strengthen the egalitarian trend

among them. A small number of lawbreaking operators and persons with high income might also take the opportunity of price hikes to increase their income more rapidly through speculation, and reselling goods at a profit. Inflation has further widened the income gap between those whose economic activities and income are directly controlled by the state and those whose economic activities and income are not directly controlled by the state. This further shows that egalitarianism is in sharp contrast with excessively big income gaps.

Correcting deviations in our ideological concepts is an important issue which enables us to correctly understand unfair distribution. We should admit that negative and corrupt phenomena in our practical life and the great disparity in income distribution is a focus of people's strong discontent. People demand a change in the situation of unequal opportunity and a small number of persons gaining their ill-gotten wealth. Only by solving this problem can we create a good social environment, and encourage people to actively compete with one another in enhancing their working efficiency. Therefore, this problem merits our attention. What is worth noticing is that when people are making horizontal comparisons (heng xiang bi jiao 2897 0686 3024 6525) and mutually competing with one another, traditional egalitarian ideas can still have a very great influence. When reform readjusts people's major interests, the egalitarian idea can again assert itself, and become a main psychological obstacle to reform. In particular, some comrades like to make a horizontal comparison by simply relying on their subjective impressions, and view people's relations of interests in a static manner. Hence, they will neglect differences between income gaps which are reasonable and legitimate and those which are unreasonable and illegitimate. Therefore, correctly understanding social and psychological factors in distribution and making an objective and just analysis of them will enable us to make a clearer judgment of the current problems in distribution. If we treat income gaps by simply relying on our subjective impressions, blindly seek equality in income, and negate the regulating role of market mechanism, the process of reform will be impeded, and the entire economy will lose its vitality.

#### **Realizing Social Equity Under the Prerequisite of Promoting the Enhancement of Efficiency**

The report of the 13th CPC National Congress points out: "The policies of distribution we formulate should encourage some enterprises and individuals to become prosperous before others through good management and honest work, thus widening the differences in personal income to a reasonable degree. But at the same time, these policies should prevent the polarization of rich and poor, enable all the people to move toward common prosperity, and bring about social equity while improving efficiency."

The national economy in an organic whole. To attain the above-mentioned objectives and solve the problem of egalitarianism and too wide an income gap, we must not

concentrate our attention on distribution only. We must rectify our economic order in a systematic way, and seek a way out in deepening and systematizing the reform. We must further invigorate enterprises under ownership by the whole people, speed up the development of market mechanisms, perfect macroscopic economic regulation systems, and promote reform well in planning, investment, materials, tax, finance, commodity prices, and so on. We must strengthen the development of the legal system, and gradually establish a basic framework for a new system governing planned commodity economy; and create conditions for equal competition and a good political, economic, and social environment for implementing a correct policy for distribution. We must realize that distribution is determined by production. Only by enhancing labor productivity and economic results by a big margin through reform can our distribution system and policy play their positive role. Only thus can we lay a good material foundation for completely solving the problem of egalitarianism and too wide an income gap.

Of course, the distribution system is also important. At present, the heart of the matter in this regard is to perfect our regulatory means. We must adopt relevant specific measures to deal with different situations in income distribution under the condition of the double-track system.

In sectors whose income distribution can be directly controlled by the state (such as state-owned enterprises, government institutions, and so on), stratified management under macroscopic control must be implemented to solve the problem of egalitarianism. In initial distribution, the state must see to it that the total amount of wages of enterprises is linked to their economic results, and that within enterprises the income of individuals is linked to their contribution. In redistribution, we must solve the problem that the income of working personnel in government institutions does not match their contribution, and that their income is on the lower side. In the meantime, we must pay attention to readjusting certain conditions for the operation of enterprises and to improving the situation of unequal competition in the interest of equal competition and further implementation of the principle of distribution according to work. Specifically speaking, we must focus our attention on solving well the following relations. First, we must handle well distribution relations involving enterprises and workers. While improving the enterprise system for recruiting workers, we should also reform the distribution system of enterprises, gradually reduce subsidies for workers due to price hikes in the form of wages, and restore and strengthen the incentive role of bonuses to enhance economic results; explore various distribution systems based on the effective labor time of society; and ensure a reasonable income gap between workers and staff members so that some, who make great contributions, can get rich first. Second, we must handle well distribution relations involving the state and enterprises. A very important problem for us to solve is that we

should have a reasonable yardstick for determining the economic results of enterprises, so that the links between incomes of enterprises, increase in wages, and economic results can be more scientifically and reasonably based. For example, under the principle that increases in the actual income of workers and staff members must be lower than that of labor productivity, the link between total wages and economic results of enterprises must also be based on labor productivity targets calculated on the basis of fixed price. In some enterprises, total wages can also be linked to quantity of goods produced. In the meantime, we can also study the methods of linking total wages with profit rate on capital of the relevant trade and profit rate on wages. We should realize that the conditions and situations of different enterprises are different in terms of tax and pricing policies and elements of production (including labor, capital, means of production, land, technology, and so on). Therefore, the state should deal with the income gap problem through effective economic means. Third, we must handle well distribution relations involving mental laborers and physical laborers. According to the Marxist viewpoint, complex labor means a duplication of simple labor, and the remuneration for complex labor must be higher than that for simple labor. However, in our country the situation is completely different. This is a striking problem of unfair distribution. In the future, we should gradually improve pay and conditions for intellectuals to ease the conflict caused by the fact that the income of mental laborers is lower than that of physical laborers. We should continue to reform and gradually improve the existing wage system of institutions. Fourth, we must handle well relations between adopting economic and administrative means and strengthening ideological and political work. While taking various measures to regulate distribution, we must pay attention to grasping well propaganda, ideological, and educational work. We should guide people so that they will avoid competing with each other in income alone, and blindly seeking excessively high consumption. This does not mean that there is no need for them to make progress. On the contrary, they must follow a down-to-earth manner to work actively. They must set the target for their material interests which can be attained through hard work in light of their own respective conditions. At present, our country is facing the difficulties of inflation. It should be stressed that in the years to come we must tighten our belts.

In those sectors whose income distribution cannot be directly controlled by the state (including the income distribution of some economic sectors, and of those who are engaged in certain economic activities and so on), the main problem is that a small number of persons illegally seek exorbitant profits. To solve this problem, the government must increase its authority and functions, and carry out its administration and regulation through legal, administrative, and economic means.

First of all, we must straighten out our economic order, and the circulation order in particular. While checking up on and consolidating various kinds of companies,

carrying out well market and commodity price management, and straightening out and improving the means of commodity circulation, we must study and solve the following six problems with regard to income distribution: The problem of administering incomes from the tertiary industry independently run by enterprises, and from horizontal associated operations; the problem of administering incomes from technical transfer, technical consultancy, technical services, and technical training; the problem of administering individual incomes of various kinds of working personnel; the problem of administering working personnel who have second occupations and retired working personnel who are re-employed; the problem of administering the individual economy; and the problem of administering new companies. What is particularly important is that we must strengthen our control over business operations of individual traders, and supervise their incomes. We must also strengthen our control and management of the income distribution of various kinds of companies. We must enact and perfect our relevant laws and policies, work out market rules and regulations, and prescribe a limit to the operational scales and methods of operators of various kinds. We must adopt effective measures for making public, administering, regulating, and controlling income distribution of various kinds of economic activities. We must establish as early as possible an income tax reporting system on a trial basis for working personnel in party and government institutions in medium-sized and large cities and some high-income trades in order to increase the transparency of personal income and further strengthen the work of levying regulatory tax on personal income. Industrial, commercial, administrative, and tax departments must strengthen the building of their contingents and truly assume the responsibility of enforcing the law strictly, coordinate with relevant quarters in society, and absolutely do well the work of tax collection and market administration.

Furthermore, we must attach importance to promoting a clear and honest administration. We must concentrate our efforts on resolutely and promptly investigating and handling various law-breaking cases such as corruption, accepting bribes, extorting money, blackmail, abusing power for private gains, turning power into money, and so on. We must strictly ban and strike blows at various kinds of illegal business operations. We must confiscate all illegal income without any exception, and punish those who are involved with the relevant cases. Regarding those who are engaged in serious economic criminal activities, we must severely punish them in accordance with the law. We must not be soft on them. In the meantime, we must extensively carry out propaganda and education in the whole society, so that the concepts of being honest in performing official duties, carrying out business operations in accordance with the law, and paying tax in accordance with the law will strike root in the hearts of the people.

In a word, we must resolutely protect legitimate income, reasonably regulate excessively high incomes, and ban illegal income. To solve the problem of unfair social

distribution, we must, in the long run, gradually establish a flexible employment system, so that laborers will have more or less equal opportunity in competition. In the meantime, we must establish and perfect our social security system. Although this problem cannot be solved overnight, we must make efforts in this direction.

### Further Reportage on Yuan Mu News Conference

#### Speaks on Martial Law, Zhao

OW1107143289 Beijing Television Service  
in Mandarin 1035 GMT 11 Jul 89

[News conference given by Yuan Mu, spokesman of the State Council, in Beijing on 11 July, entitled: "Yuan Mu Answers Chinese and Foreign Reporters' Questions"—recorded]

[Text] [Video opens by showing a signboard reading "Press Conference, All-China Journalists Association." The camera zooms back to give a wide-angle shot of the conference room. Yuan Mu is seen seated at a long table flanked by two persons on his left and three on his right, facing a large number of reporters]

[Announcer] This morning the All-China Journalists Association invited Yuan Mu, spokesman of the State Council, to hold a regular press conference for both Chinese and foreign reporters to brief them on the economic situation during the first half of this year.

[Video intercuts between medium close-up shots of Yuan Mu speaking and pan shots of the crowded room]

[Yuan Mu] Ladies and gentlemen: First of all, let me give you a brief account of China's economic development during the first half of this year. Despite the serious interference caused by social unrest in some localities and the counterrevolutionary rebellion in Beijing in the first half of this year, China's economic development on the whole has maintained a trend of stable development this year thanks to the efforts made by cadres at all levels and the broad masses of workers and peasants to stand fast at their work posts, who do their best to promote production and earnestly implement the principle of improving the economic environment, rectifying the economic order, and deepening the reforms established by the central authorities. Economic development during the first half of this year was better than expected at the beginning of the year. In the main, this is manifested as follows:

1. We achieved a bumper harvest of summer-ripening crops. According to initial statistics, the total output of summer grain this year reached some 93 million metric tons, exceeding last year's output by some 2 million metric tons. This means a good harvest year. The output of rapeseeds totaled some 5.5 million metric tons, an increase of some 500,000 metric tons over last year.



2. Industrial production was maintained at a relatively appropriate growth rate. The gross industrial output value nationwide for the first half of this year amounted to 639.6 billion yuan, or 10.8 percent higher than the corresponding period of last year. As for the rate of growth, the original situation was one of an overheated economy and excessively high speed; now it has shrunk to some extent. Compared with last year's corresponding period, it showed a reduction of 6.4 percentage points. With regard to energy production, the situation in January and February was not so good, but there appeared an upturn, beginning in March. On the whole, the gross output of primary energy nationwide for the first half of this year reached 476.32 million metric tons. This was 5.9 percent more than last year's corresponding period. Regarding the production of principal raw and semifinished materials, the downward trend prevailing early in the year was changed. The situation early in the year was not so good. Later, the output increased each month. Production of basic consumer goods for daily use became higher each month, ensuring enough supply for the consumer market.

3. We began to curtail the scale of fixed asset investment with a marked reduction in the number of new projects. The figures for the first 5 months of this year—the June statistics are not yet available—are as follows: The amount of fixed asset investment made by state-owned units was 44.2 billion yuan. Compared with last year's corresponding period, the scale of investment was reduced by 7.5 percent. The number of new projects with investment of 50,000 yuan or more was reduced by 73.6 percent.

4. The trend of excessive retail price hikes in the market was put under control. Sales of commodities were fairly stable. Prices of common nonstaple foods, such as meat, poultry, eggs, and vegetables, became stable. The trend of excessive price hikes began to change gradually. The total amount of retail sales of commodities for the first half of this year is estimated at some 410 billion yuan. This shows an increase of about 20 percent above last year's corresponding period, but the rate of increase was lower than last year's corresponding period. The rate of increase for the first half of last year was 24.6 percent.

In the field of external economy, the level of utilization of foreign capital further increased. In January to June this year, customs statistics show that imports and exports amounted to \$50.3 billion, a 16.9 percent rise over the corresponding period of last year. Throughout the country, projects using foreign capital newly approved by the state totaled 2,569 in January to May, up 66.7 percent from the corresponding period of last year. The amount of foreign capital used under agreements was \$5.45 billion, up 42 percent. The amount of foreign capital actually used was \$3.76 billion. Therefore, the above figures show the turmoil and rebellion have affected our external economic work, but not to a very great degree.

5. Urban and rural savings deposits rose again markedly. The scope of credit loans was under control. The grim financial situation was somewhat eased. In the first half of this year, residents' savings deposits greatly increased. They increased by 64.4 billion yuan over the beginning of this year. Of these deposits, most were time deposits, which favorably supplied the funds needed for production and development and reduced the pressure on the consumer market. Thanks to the increase in savings deposits and the control of cash spending, the task of withdrawing currency from circulation was done much better than in the corresponding period of last year. The above situation shows that China's economic development was stable in the first half of this year. Total demand was under control, while total supply did not face stagflation, a phenomenon people worried about. Effective supply grew steadily. The situation in general was good. However, because the trouble in our economy has been brewing for quite some time, the contradictions have not been fundamentally solved. We are still facing many difficulties and questions. The questions in the first half of this year fall mainly in three areas:

First, although inflation is somewhat under control, we must still make very great efforts to reach our goal of keeping this year's commodity prices from rising faster than last year. This is a very difficult task. It was estimated that in the first half of this year, the general level of retail commodity prices across the country would rise by 25.5 percent over the corresponding period of last year. The main reason for this inflation rate is that commodity prices soared last year and have remained high this year. New factors responsible for the rise in prices constituted about 7 percent. Therefore, people experienced this year's price increase in a different way than last year. People psychologically accepted commodity price increases more easily, and their ability to withstand the increase was strengthened. We had a better situation, but we still have a long way to go. In the second half of this year, we will have to make greater efforts to truly bring commodity prices under control.

Second, although we increased exports in the first half of this year, the increase was by a smaller margin. Our imports increased by a larger margin. As a result, we faced larger deficits in foreign trade. During the first half of this year, customs statistics showed that exports totaled \$22.26 billion, up 6.5 percent from the corresponding period of last year. Imports totaled \$28.04 billion, up 26.7 percent. Our unfavorable balance of trade in the first half of this year reached \$3.82 billion, allowing for the factor that certain deficits need not be paid in foreign exchange. The economic results were not good. Therefore, our revenues increased slowly, while our expenditures remained high. Our financial accumulation decreased. The current state financial situation is still difficult.

In view of the above circumstances, the State Council has called on all localities and departments to further curtail investment in fixed assets, curb social demands,

and control the excessive growth of consumption funds during the second half of this year. We should thoroughly carry out the campaign to increase production, practice economy, increase revenues, and reduce expenditures; recover, as much as possible, the losses caused by turmoil and riots; and strive for a sustained economic growth during the second half of this year. This is my brief introduction on China's economic situation. I mean economic development, in general during the first half of this year.

[Video shows a Caucasian male standing, speaking in English with microphone in his right hand. An unidentified male is heard speaking in Mandarin, covering the voice of the Caucasian male]

He is a reporter from the U.S. WALL STREET JOURNAL. Continued enforcement of martial law in Beijing will certainly effect the economy. For instance, it will scare away tourists, visitors, and investors. So, he is asking why the Chinese Government wants to continue to enforce martial law in Beijing and when martial law will be lifted?

[Yuan] The Chinese Government enforced martial law in some parts of Beijing because turmoil and counterrevolutionary rebellion had occurred in Beijing. Now we have won a decisive victory in suppressing the counterrevolutionary rebellion. However, this struggle has not yet ended. Some guns seized by the rioters are still missing out there. Unstable situations may occur any time. Continued enforcement of martial law is designed to safeguard stability in the capital and guarantee the safety of the citizens' lives and property, as well as the normal discharge of public duties of the State Council and Beijing Municipality. It is also designed to guarantee the safety of foreign friends who are conducting business, doing sightseeing, and engaging in economic and technical exchanges in China, including the capital.

I think that when people begin to learn more about the truth of suppressing the counterrevolutionary rebellion in China, the temporary phenomena that caused some people to leave China for the time being due to lack of understanding of the truth of the matter, or that worried some tourists and stopped them from coming to China, will gradually go away. I think that continued enforcement of martial law for some time will help promote stability, guarantee China's implementation of the policy of opening to the outside world, and restore the development of tourism as well as foreign economic relations and trade. It will not be the contrary.

I have said this on many occasions in the past, but I would like to make it clear again today. China's enforcement of martial law in some parts of the capital is meant to exercise special alertness in some key departments and at major traffic junctions. It is completely different from the idea of exercising military control. This does not mean the government has lost control, and that the Army has been called in to control the situation. No, this is not

the case. It does mean that the government has exercised its authority and called in the Army to protect some key departments. The Army is only there to protect the crucial departments. The troops stand guard there. They also guard and patrol some of the major traffic junctions. They have two primary duties: 1) If the extremely few counterrevolutionary ruffians continue to conduct riots or disturb social order again, the troops will help public security cadres and policemen as well as the Armed Police to impose sanctions; and 2) the troops will try their best to safeguard normal order in the capital.

[XINHUA reporter] I am a XINHUA reporter. [Words indistinct] some overseas investors have shown a lack of confidence in China's investment environment. Many people in Hong Kong and Singapore have (?withdrawn funds), which has resulted in a decrease in our exports and a sharp increase in our imports. What impact has this had on our ability to repay foreign debts in 1991 and 1992? My second question is: Last time you said the number of deaths of students and soldiers was about the same, but Chen Xitong recently said [words indistinct]. Which one of you is correct?

[Yuan Mu] In regard to your first question, we will resolutely adopt a policy aimed at balancing imports and exports in the second half of this year and the years to come. We will take measures to control the current excess growth in imports in order to basically balance imports and exports. In our economic decisionmaking, we have taken note that we will be facing a peak period of repayment for our foreign debts 1 or 2 years from now. The State Council will take resolute measures to solve this problem and cope with this situation. However, I wish to make one point clear: China's current foreign debts are still well within its ability to repay. China can be trusted to repay its foreign debts. It will not repudiate its foreign debts.

In regard to the second question about the casualties during the recent riots, what I said before was based on the situation when the riots had just been put down, and many things were unclear. Comrade Chen Xitong announced new figures on 30 June. The figures he announced were based on more recent investigations, and thus were closer to actual casualties.

[Unidentified foreign reporter, speaking in English] Many peasants have been unwilling to sell grain to the government at government-set low prices. Thousands of jobless people in rural areas have moved to cities to seek jobs. What will the government do to cope with this situation?

[Yuan Mu] My estimation is a little different from yours. As you said, because there are two prices for grain in the rural areas, there is a small number of peasants who are unwilling to sell grain to the state at contractual prices. However, these people are few. The contract purchase quotas we set for each year have been fulfilled. The



current purchase of summer grain also has been satisfactory. We do not have the problem that a large number of peasants refuse to sell grain. We have educated a small number of peasants who refused to sell. We have clearly explained to peasants that selling grain to the state at contractual prices means that they are fulfilling a state responsibility. Peasants will accept this after they are persuaded. Of course, their income will be somewhat affected. However, this is something we have to do in our country. Peasants will consider the interests of the state.

In addition to the ideological education calling on the peasants to fulfill their obligation to the state, the state also adopts economic means to convince the peasants that they should sell grain to the state at the contract prices. The economic means include supplying the peasants with low-priced chemical fertilizer, insecticides, and other materials.

[Video shows a Caucasian female reporter standing and speaking in English, with audio fading into the voice of a Mandarin translator] This woman is a reporter from a German television station. According to her, many travel agencies, enterprises, companies, and investors in Germany say that they will not return to China until Beijing lifts martial law. She asks you to tell her how long it will take Beijing to become safe again without martial law.

[Yuan Mu] First, I would like to ask this lady to tell her friends that if they think Beijing is unsafe under martial law and they decide not to come under the current situation, they should reconsider their decision and question whether their decision is wise. I don't think that they have made a very wise decision. Once the counter-revolutionary rebellion was quelled and martial law was declared in some districts of Beijing, the public order here gradually returned to normal. Martial law here certainly has a time limit, but I still can't say when it will be lifted. When order is completely back to normal and all the problems in connection with the riots are solved, we certainly will lift martial law. At this moment, I still can't say when.

[Video shows a Caucasian male standing and speaking, with Mandarin translation provided by a translator sitting next to Yuan Mu] This man is a reporter from Agence France-Presse. He says that he has a question about something contradictory. A slogan during the students' movement advocated overthrowing Li Peng and Deng Xiaoping, but the students did not say that they wanted to overthrow Zhao Ziyang. Now, it is Zhao Ziyang, not Li Peng or Deng Xiaoping, who has been overthrown. In his opinion, this is a contradiction, and the contradiction exists inside the party and the government, not among the people.

[Yuan Mu] In our party's top leadership, Comrade Zhao Ziyang committed the serious mistakes of supporting the riots and splitting the party. For this reason, he was removed from his post according to the party's legal and

democratic procedures. He was not overthrown. He was removed from office because of his mistakes. In the course of the student strike, the students were used by a handful of schemers who created the turmoil and the counterrevolutionary rebellion. In the course of the riots, they called for overthrowing this or overthrowing that, or even went so far as to want to overthrow the leadership of the Communist Party of China and overthrow the socialist system. In the initial stage of the students' strike, the students called for the party and the government to correct shortcomings and mistakes, promote democracy and the legal system, and deepen reforms. They did not think that they were being used by a handful of people, and went in a direction opposite to their original intent.

[Video shows an unidentified young Oriental man standing and speaking in Mandarin] Recently, some Western countries applied economic sanctions against China. Will the economic sanctions cause difficulties for China's economic development? If the answer is yes, what measures will the Chinese Government take to deal with the difficulties?

[Yuan Mu] From a short-term point of view, the so-called sanctions imposed upon China by the United States and a few West European nations will cause some temporary trouble for us. However, the trouble cannot make Chinese people yield to the so-called sanctions. From a long-term point of view, the sanctions will inspire in the Chinese people a spirit of hard struggle and self-reliance. Fundamentally speaking, I think that such a spirit is perhaps even more conducive to China's economic development. In addition, I would like to point out very clearly and definitely that the shortsighted policies adopted by some countries toward China will not make the Chinese Government and people change their general policy of reform and opening to the outside world. We will continue the policy of reform and opening to the outside world. We are open to all countries in the world, including Western countries, socialist countries, developing countries, and the Third World countries. This policy will remain unchanged.

[Video shows a Caucasian male standing and speaking, with Mandarin translation] This man is a reporter from [word indistinct] of the United States. The current efforts to combat corruption are the same as what the students proposed at the beginning of their strike. Are the efforts a response to the students' demand? The second question is why so much corruption exists in the Chinese Government and in the Communist Party of China. Please explain.

[Yuan Mu] The Chinese party and Government will firmly overcome their own corrupt phenomena. This is not because the students put forward such a demand. The party and government had maintained such a stand before the students put forward the demand. Of course, the demand put forward by the students at the beginning of the student strike made us see more soberly the

dissatisfaction among the people in regard to this problem in our party and government. For this reason, it is necessary for us to take firmer action and accelerate our correction of the corrupt phenomena in our party and government. The Chinese party is a party that wholeheartedly serves the people. The Chinese Government also wants to serve the people wholeheartedly. I don't agree with the idea that China's party and government have become too corrupt to correct. However, our problem is quite serious. As to the causes of the corrupt phenomena, they cannot be explained in a few words. I would like to take this opportunity to point out one thing. Our failure to deal with corruption in the preceding period is related to the mistakes of our former general secretary, Comrade Zhao Ziyang. He openly publicized the idea that corruption is unavoidable in the initial stage of the development of a commodity economy. For this reason, he relaxed efforts in party building and ideological education and in being demanding of our party members and government personnel. Consequently, the efforts to deal with corruption did not yield the results they should have. This is also one of his major mistakes.

[Unidentified speaker] The press conference is now over.

[Yuan Mu] Thank you.

#### **XINHUA Report**

OW1207054389 Beijing XINHUA Domestic Service  
in Chinese 1556 GMT 11 Jul 89

["Local Broadcast News Service"]

[Text] Beijing, 11 Jul (XINHUA)—At a press conference held at the All-China Journalists Association today, State Council spokesman Yuan Mu, after reporting on China's economic situation in the first half of the year, answered some questions raised by Chinese and foreign reporters.

[U.S. WALL STREET JOURNAL reporter] Continued enforcement of martial law in Beijing will certainly affect China's economic relations with foreign countries and scare away foreigners. I want to know why the Chinese Government had to declare martial law in Beijing and when martial law will be lifted.

[Yuan Mu] The reason why the Chinese Government was forced to declare martial law in Beijing was because of the outbreak of the turmoil and counterrevolutionary rebellion in Beijing. Although we have won a decisive victory in suppressing the counterrevolutionary rebellion, the struggle has not yet ended. The extremely small number of counterrevolutionary ruffians have not been resigned to their defeat. Some guns and ammunition stolen by the rioters are still missing out there, and problems of all descriptions can take place at any time and destabilize society. Continued enforcement of martial law is meant to safeguard and restore stability in the capital and guarantee the safety of citizens' lives and

property and the normal operation of government organs. It is also meant to guarantee the safety of foreign friends who are conducting business, setting up enterprises, carrying out economic and technical exchanges, making friendly visits, or sightseeing in China and Beijing so that they can proceed with their businesses normally. I think that when the people have a clearer idea of the counterrevolutionary rebellion in Beijing, the doubts and misgivings of those foreign friends will gradually disappear. Continued enforcement of martial law in some parts of Beijing will be helpful in further stabilizing public order, opening wider to the outside world, and the recovery of tourism and development of foreign trade. It will not be to the contrary.

I would like to explain here again that the Chinese Government's enforcement of martial law in some parts of the capital is meant to exercise special alertness in some key departments and at major traffic junctions. This is different from "military control." This absolutely does not mean that the Chinese Government has lost its control power. The martial law troops, who are carrying out their duties in coordination with the Armed Police Force and public security personnel in accordance with the order of the State Council, have two major assignments. The first is to continue to suppress the turmoil and rebellion; the second is to do their best to safeguard normal public order. I think that people's misconceptions of martial law will disappear along with their fears. [XINHUA reporter] Foreign investors have made large investments in China, and the gap between China's imports and exports is widening. What impact will this have on our foreign debt repayment, which will peak in the 1990's? My second question is: The last time you said the number of deaths among the soldiers and masses was about the same, but Chen Xitong recently said at the National People's Congress [NPC] Standing Committee that dozens of soldiers had died. Just who is correct?

Yuan Mu: As for your first question, we will resolutely adopt a policy aimed at roughly balancing imports and exports during the second half of this year and the next several years. Excessive imports shall be controlled. While making economic decisions, we have given full consideration to the issue concerning our foreign debt repayment. The State Council will take all types of necessary measures to cope with the situation. I want to add that China's foreign debts have not exceeded our repayment capacity. China will keep its word on debt repayment.

As for the number of deaths in the rebellion. What I said was based on the information obtained shortly after the outbreak of the counterrevolutionary rebellion, and certain things at that time were not, or could not be, very clear. The death figures provided by Comrade Chen Xitong on 30 June were based on further investigations and are more factual.

[U.S. CNN journalist] What will the government do if the peasants are unwilling to sell grain to the government at government-set prices?

Yuan Mu: With regard to this question, my estimation might be different from yours. It is true that because of the two prices for grain, the peasants will have a lower income if they sell their grain to the state at contracted prices, and so some peasants are reluctant to do this. But this is true only for some peasants. The fact is, our grain procurement contracts are fulfilled on time each year. Because of the good summer crop this year, I do not think that many peasants will be unwilling to sell their grain to the government at contracted prices. As a matter of fact, the vast number of peasants are eagerly selling summer grain to the state. As for the very small number of peasants who are unwilling to do so, they will, after we continue to educate and persuade them. Chinese peasants have been traditionally eager to sell grain to the state to show their patriotism, and they will take the overall interests of the state into account. Furthermore, in addition to educating the peasants on their obligations to the state, the state also uses other economic measures—such as selling to them chemical fertilizer, agricultural chemicals, and other means of agricultural production at state-set prices—to help them understand that their proper attitude in handling their relations with the state is to sell their grain to the state according to contract.

[UPI journalist] The Chinese Government keeps telling foreign investors and travellers that the imposition of martial law in Beijing is for the sake of their safety. Now there is a contradiction: While it is said that order has been restored in all respects in Beijing, it is also said that ruffians have guns and problems can occur at any time. Which statement is correct?

[Yuan Mu] There is no contradiction in this area. Owing to the outbreak of turmoil and rebellion in Beijing, we had to impose martial law in some parts of Beijing. If we did not, then the counterrevolutionary ruffians would have subverted our government and the capital would have been overwhelmed by white terror. In that case, how could we have normal order, how could there be safety of people's lives and property, how could we open to the outside world, and how could foreign organs in Beijing be safe? This is exactly why we had to impose martial law in some parts of Beijing. Furthermore, because the outbreak of the rebellion had been plotted for a very long time and there are still remnant plotters, martial law cannot be lifted for the time being. Another reason for not lifting it is to further restore and consolidate the capital's stability and normal order.

[Federal German Television journalist] Many companies and investors in the Federal Republic of Germany have decided that they will not trade with China or invest in China until martial law in Beijing is lifted. This is because they believe there is no safety until martial law has been removed. My question is how much longer will martial law continue?

[Yuan Mu] First of all, I would like to ask this lady journalist to tell her friends to reconsider whether their decision is wise. Personally, I do not think it is a very

wise decision. This is because ever since martial law was imposed in Beijing, order in Beijing has gradually been normalizing. Of course, martial law here has a time limit, but when it will be discontinued depends on the development of the situation. If order has been completely restored in all fields and what should be resolved has been resolved, then martial law will be lifted, but I still cannot say when will it be lifted.

I want to add here that all governments, nongovernmental personages, and other people's groups wishing to maintain friendly ties, economic relations, trade, and tourism cooperation with China should not base their relations with China on the precondition of whether or not martial law is still in effect in some parts of Beijing.

[ANSA journalist] I also have a question concerning a contradiction. During the student movement, there were slogans saying: Down with Li Peng and Down with Deng Xiaoping. But they did not say Down with Zhao Ziyang. Now, instead of Li Peng and Deng Xiaoping, it is Zhao Ziyang who has stepped down. This is the contradiction. As I see it, this contradiction actually exists within the party and the government, and not among the people.

[Yuan Mu] Comrade Zhao Ziyang committed the serious mistakes of supporting the turmoil and splitting the party at the highest echelon of our party. Thus, he was dismissed from all offices through legitimate and democratic procedures within our party. This is not the same as what you and some other people call his "overthrow." He was dismissed from all offices by our party because he committed serious mistakes. During the student unrest, the students, being used by an extremely small number of conspirators who engineered the turmoil and the counterrevolutionary rebellion, demanded the overthrow of this person or that person. During the turmoil and rebellion, they even wanted to topple the CPC leadership and the socialist system. It was totally different from what the students demanded when the student unrest started. At that time, they hoped the party and the government would correct their shortcomings and mistakes, promote democracy, strengthen the legal system, and deepen reform. Facts have proven that the students were led by a small number of people to do something contrary to what they intended when the student unrest started. The students might never have expected this.

[VNA journalist] Will Zhao Ziyang have to bear any legal responsibility? How many ringleaders of the "Self-Government Union of College Students" and "Self-Government Union of Workers" have been captured?

[Yuan Mu] The issue of Comrade Zhao Ziyang is being handled as an issue within the CPC. This issue is still being investigated. His mistake is one of supporting turmoil and splitting the party, and since it is a CPC affair, he was first dismissed from the offices he held within the party. The investigation will determine the nature of this issue, and it will then be handled legally on the basis of facts.



As for the ringleaders of the illegal organizations—"Self-Government Union of College Students" and "Self-Government Union of Workers"—some have been captured, some have escaped. We regret that some people and some forces, including some foreigners and some foreign forces, have helped them escape—something we did not want them to do. As to how many have been captured and how many have escaped, I am sorry that I cannot give any accurate figures.

[ZHONGGUO RIBAO journalist] The United States and some Western European countries have applied some economic sanctions against China. What impact will these sanctions have on China?

[Yuan Mu] From a short-term point of view, the so-called "sanctions" imposed upon China by the United States and a few West European countries will cause some temporary trouble for us. But the Chinese people will not yield to such "sanctions" because of the trouble. On the contrary, from a long-term viewpoint, their sanctions will arouse the Chinese people's spirit of hard struggle and self-reliance. Fundamentally speaking, I think such a spirit may be even more helpful for China's economic development. Having said this, I must also make it absolutely clear that the Chinese Government and people will never change their general policy of reform and opening on account of the shortsighted policies that some countries have applied against China. The policy of opening to the outside world, including the Western world, socialist countries, developing countries, and the Third World—in short, all countries in the world—will remain unchanged.

[American journalist] [not further identified]: The current efforts to combat corruption are the same as what the students demanded at the very beginning. Are the efforts a response to the students' demands? My second question is, why are there so many corrupt people within the Chinese Government and the CPC?

[Yuan Mu] The Chinese party and Government will always firmly combat corruption among its members and workers. They do so not because the students wanted them to do so. This is exactly what the party and the government wanted to do before the students demanded it. Of course, because of the demands of the students and the people from all walks of life at the outset of the student strike, we became more soberly aware how they resented such problems within the party and the government. Thus, we must speed up punishing the corrupt within the party and the government. Our measures must be firmer, and our actions must be quicker. The CPC is a party that serves the people wholeheartedly, and the Chinese Government is also a government which wants to serve the people wholeheartedly. On the whole, I do not endorse the viewpoint that the CPC and the Chinese Government are so corrupt that they are incorrigible. The problems, however, are serious. As to the question of what causes the corruption, asked by the reporter gentleman, I do not think I can answer it at this

short press conference. But I want to use this opportunity to point out one thing. The fact that our recent efforts to punish the corrupt were not very effective has everything to do with the mistakes that our former general secretary, Comrade Zhao Ziyang, made in dealing with this issue. He once said that corruption was inevitable during the initial period of developing a commodity economy. This being the case, party building and ideological education were slackened, as were the demands set for party members and government personnel. This was why we failed to achieve what we should have achieved in punishing the corrupt. This was also one of his major mistakes.

**Search Continues for Evidence Against Zhao**  
*HK1207013089 Hong Kong SOUTH CHINA MORNING POST in English 12 Jul 89 p 9*

[By Willy Wo-lap Lam]

[Text] Whether former party chief Zhao Ziyang will be put on trial and what crimes he will be charged with has become one of the toughest problems facing the Chinese Communist Party (CCP).

State Council spokesman Yuan Mu said yesterday that further investigation into the crimes of Zhao Ziyang "will decide if he should be punished by law".

Mr Yuan repeated the charge first laid out at the Fourth Plenum of the Central Committee last month that Mr Zhao had made the mistake of "supporting the counter-revolutionary turmoil and splitting the party".

"His removal from his official posts was only a measure of party discipline," Mr Yuan added. "Whether or not he should be further punished is a question that awaits the outcome of the investigation."

Chinese sources believe that legal and security authorities are actively gathering evidence and building up a criminal case against Mr Zhao.

"Senior leader Deng Xiaoping has still not made the final decision on whether to prosecute Mr Zhao," a political source in the capital said. "Yet if Mr Zhao is put on trial, he will be charged with having committed counter-revolutionary actions and with corruption".

According to Chinese sources, investigations centre on the concrete ways in which Mr Zhao gave support and help to student protesters, dissident intellectuals and other "counterrevolutionary" elements. In his report to the just-concluded Eighth Session of the National People's Congress Standing Committee, Beijing mayor Chen Xitong charged that Mr Zhao "connived at" and facilitated the gradual escalation of the protests from April to June.

Mr Chen also said that such aides of Mr Zhao as Mr Bao Tong and Mr Chen Yizi leaked state secrets to students and provided them with material and spiritual support.

However, according to Chinese legal experts, only if it can be established that Mr Zhao actually gave orders to Mr Bao Tong and others to stir up the students and to organise dissident intellectuals into anti-party groupings could the former party chief be liable to prosecution for counter-revolutionary activities.

Another charge which analysts think will be laid against Mr Zhao is corruption.

Mr Yuan blamed Mr Zhao for the endemic corruption within party ranks, saying that under his leadership the fight against corruption was relaxed.

"Our efforts in cracking down on corruption were not very successful. This has to do with the mistakes of Mr Zhao," Mr Yuan said.

Mr Yuan quoted Mr Zhao as saying "corruption was unavoidable" in the early stages of China's economic development. This, said the State Council spokesman, accounted for the fact that the fight against graft as well as ideological education in the party was played down.

So far, Chinese officials and the Chinese media have not linked Mr Zhao to any specific case of corruption, profiteering or economic crime.

However, Chinese sources believed that police and security officials are actively investigating the business dealings of Mr Zhao's sons, Mr Zhao Dajun and Mr Zhao Erjun. Both of them were active in import-and-export businesses in places including Beijing, Henan and Hainan provinces as well as the economic zones of Shenzhen and Zhuhai.

Moreover, as the Chinese Communist Party began a nationwide campaign against corruption and economic crimes, cases of profiteering and graft-taking by officials in regions along the Southeast coast have dominated media coverage.

The southeastern coast—the frontline for the open-door policy—is generally considered to be Mr Zhao's base. And conservative thinkers have long charged that it was because of market-oriented policies introduced by the former party chief that the phenomenon of corruption has spread.

"If investigators can somehow unearth evidence linking the allegedly illegal business dealings of his sons to Mr Zhao, he could be suck with a severe criminal charge," a Western diplomat said.

"At the same time, officials in coastal areas already convicted of economic crimes could be persuaded or forced to give evidence against Mr Zhao."

Putting Mr Zhao on trial, of course, could seriously split the party. The former head of the CCP's liberal wing still has the support of at least half of the members of the Central Committee.

Leader Deng Xiaoping, however, has apparently decided that Mr Zhao is the fountainhead of corrupt, bourgeois-liberal influence in the party. And, analysts say, since the paramount leader is convinced that rooting out bourgeois liberalisation is of the highest priority, he may decide to go the distance in putting Mr Zhao out of action.

If convicted of the crimes of corruption and of being a counter-revolutionary, Mr Zhao could, like the members of the Gang of Four, be locked away for life.

**LE MONDE Interviews Dissidents on Repression**  
*PM1207091089 Paris LE MONDE in French*  
11 Jul 89 pp 1,7

[Interview with exiled PRC dissidents Wuer Kaixi and Yan Jiaqi by Patrice de Beer in Paris—date not given]

[Text] Yan Jiaqi and Wuer Kaixi, the two Chinese dissidents who fled Beijing to escape the repression, have just broken their silence. After publishing a joint statement in Paris last week, they agreed to grant LE MONDE their first interview.

They are still affected by the brutality of the repression and by their clandestine existence, and received us with a group of their friends, members of the Beijing Intellectuals Association and the Beijing Autonomous Students Association.

Their main concern is to bear witness to the massacres and the objectives of the democratic movement, whose members still in China are either on the run, in prison, or have been killed. Although they are very harsh on the regime, and particularly on Mr Deng Xiaoping since the latter launched his tanks against the population on the night of 4 June, their program is moderate.

Mr Yan, a university lecturer, the author of a controversial book on the cultural revolution, and former adviser to Zhao Ziyang, the deposed CPC general secretary, is 47 years old. Speaking with a strong central Chinese accent and wearing a crumpled white shirt, he compared the current repression with the Cultural Revolution: "The 4 June massacre was 10, 20, 100 times more cruel than the cultural revolution. In Mao Zedong's day, people were repressed by beating them with nightsticks, whereas now tanks and guns are used to shoot into the crowd.

"Deng Xiaoping's cruelty far outweighs that of Mao and Chiang Kai-shek. Like Suharto and Pinochet, they (the Beijing leadership) [LE MONDE editor's note] is going to pursue their policy of terror throughout the country. But, unlike them, they have not even launched a process

of liberalization.... There is no longer any freedom. This terror is worse than the Cultural Revolution: At that time, there were people who were not affected, whereas everybody is affected now.

"These people are so cruel because they are in a blind alley. Deng thinks 'Apres moi, le deluge!' He thinks that because the liberalization was invented by students and intellectuals, those carriers of the ideas of freedom and democracy must be killed one by one. He is prepared to kill 200,000 of them. But we think that the more people killed, the more people will rise up to take their place. These deaths are a tragedy for China."

Mr Wuer, who asked that he no longer be called by his Chinese name, but by his Uygur name of Uerkesh Daolet (he comes from Xinjiang), is around 20 years old. He was charming, voluble, and smiling in his black T-shirt, and he wanted to bear witness to the massacres. He left Tiananmen Square "at around 0400 hours. I saw the Army arriving in the northern part of the square with guns, decimating row after row of students; about 10 fell each time. After that, I left and the tanks crushed the students. There were 200 people killed in just one area; the most conservative estimate is 2,000 people killed in the square."

#### "200,000 Dead for 20 Years of Peace"

[De Beer] Why did the regime wait so long before intervening?

[Wuer Kaixi] At first, I did not believe there would be any repression. That was until 19 May, the day when we were asked to disperse, with hints that there could be real massacres: "killing 200,000 of them to have peace for 20 years." They needed time to organize and gather their troops. There were also violent clashes within the party. Deng Li Yang (Deng Xiaoping, Li Peng, and Yang Shangkun, chairman of the CPC Military Commission, prime minister, and head of state respectively) [LE MONDE editor's note] are responsible for this repression. I do not know whose idea it was, but the man who made the final decision was Deng. It was the party of old men which won the day.

[Yan Jiaqi] Deng ought to be publicly tried. A huge statue to democracy ought to be erected in Tiananmen Square denouncing two people, one of whom would be Deng, to ensure that his stinking reputation endures for 10,000 years. It would be the counterpart of Mao's mausoleum, to ensure that the people remember. This trial will certainly take place, before or after his death. History will judge him.

These massacres strengthened the Chinese people's democratic feelings. Previously, the party was criticized for its excessive centralism. Since then, people have been openly criticizing the system. It has thrown off its rags and now looks like an imperial power. He (Deng) [LE MONDE editor's note] is behaving like an emperor. All

the people know that. We are not accusing him of being a dictator just because we are abroad. Within the student movement, people were already chanting: 'Down with Deng Xiaoping!'

[Wuer Kaixi] "We did not have the right to open our mouths. What we were demanding was dialogue. The problems could have been solved by talking. We even planned to leave the square one by one on the night of 4 June.... We certainly did not think of overthrowing the party. Still less did we contemplate it stepping down, although that is necessary. It is impossible for it to change overnight. Our movement wanted democracy, as many people do."

#### Socialism's Failure

Our system is 40 years old. It is a monopoly by one party. If we, several hundred thousand students, had peacefully succeeded in making a breach in that monopoly, it would have been a great step.... We are also opposed to corruption, bureaucratism, and absolutism, and for press freedom. The students are not troublemakers. [Wuer Kaixi ends]

Professor Yan thinks that China's political lag has a historical origin: "The political changes in China were brought about by peasant wars. The CPC's victory over the Kuomintang was principally the victory of a peasant uprising, like those which overthrew the dynasties. That time, the CPC's action overthrew the dynasty of Chiang Kai-shek, founding a new dynasty—that of Mao and Deng. This is the first time that an urban uprising has occurred in China since the 1949 liberation, and it is happening at a time when France is celebrating the bicentennial of its revolution. There has been strong French influence on this peaceful and nonviolent people's uprising against the government."

[De Beer] Is communism dead, as some people are saying?

[Wuer Kaixi] Some people are saying that. I think that there are two major trends in the world—capitalism and socialism, with China, the USSR, and Eastern Europe. Today, socialism is at a stage at which it must change. Russia is changing. I think that socialism's failure is the most important phenomenon of the 20th century. This does not mean that we must follow capitalism, but create a democratic government from scratch. In view of the fact that there is no basis for doing that, we must start with economic reform. But we must rely mainly on the political process.

[Yan Jiaqi] The formulas of Lenin, Stalin, Mao, and Deng have failed because they deny that the citizens have the right to be consulted. To enter the 21st century, the people must have the right to choose their government. Lenin and Stalin differ from Mao and Deng in that the latter were self-proclaimed leaders. [Jiaqi ends]



### Disdain for Li Peng

Both think that the role played by intellectuals and students is decisive in the development of their country. Mr Wuer thinks that "they have definite importance for promoting ideas. The CPC, which is a peasant party by nature, must be intellectualized.... The students are the people's driving force." They succeeded in mobilizing 1.1 billion Chinese, including the workers—although the latter "do not have a very clear idea of democracy"—and Chinese people living abroad. But he denies the accusations that his movement was manipulated from inside the country and from abroad.

The young student leader also rejects any idea of terrorism or the use of force: "I cannot say that no one in China is in favor of resorting to that. Those who have clearer minds realize that if we use force we are heading for a massacre. We must keep a cool head to lead these protests. I personally think that we must oppose a policy of violence in the future."

He still has a weakness for Hu Yaobang, the CPC general secretary fired by Deng Xiaoping after the first student demonstrations in December 1986 and whose death on 15 April spurred the first marches. He also has a weakness for Zhao Ziyang, his successor, fired last month after being accused of supporting the "counterrevolution." "Zhao was a very active supporter of openness and economic reforms. To some extent, he also supported our movement and thought that our demands were justified. He was not able to protect us because his own position was threatened.... When he came to talk to us on 19 May, he made it very clear to us" that martial law was going to be imposed. It was imposed the following night.

Mr Yan added: "He was against the repression and did not want to participate in the decision (to proclaim martial law) [LE MONDE editor's note]. He was very unhappy," when he came to see the students for the last time, with tears in his eyes. On the other hand, both have only hatred and disdain for Li Peng. Mr Wuer said that he "rejected any dialogue. He met with us at 0400 hours, and the next day martial law was proclaimed. He shouted at me in a disdainful and harsh tone."

The two dissidents think that the regime will collapse within 2 years. They are counting on international support. Mr Yan thinks that "the Deng-Li-Yang dictatorship is already encountering problems; other governments must stop all cooperation—political and economic—which benefits the dictatorship, but not cooperation which benefits the people.... The old men will continue to hammer out their slogans about the reform, patch up their policy of openness and reforms, and make every effort to welcome businessmen. But foreign aid must not help to strengthen Deng's dictatorship. We hope that clear-sighted foreign statesmen will understand Deng's game."

[De Beer] Do you think that the next people's movement will still have the aim of reforming communism or of fighting it?

[Wuer Kaixi] I think the aim will be to reform it.

[Yan Jiaqi] The absolutist government must be replaced. A gradual economic change has already made liberalization possible. I think that the future lies in liberalization, and we regard ourselves as the driving force of that process.

**Song Jian Praises Scientists as 'Reliable Force'**  
*HK3006100889 Beijing RENMIN RIBAO*  
*in Chinese 27 Jun 89 p 2*

[XINHUA report by reporter Zhuo Peirong (0587 1014 2837): "Song Jian Says Scientists and Technicians Are a Reliable Force"]

[Text] Beijing, 26 Jun (XINHUA)—Speaking on the study of documents from the 4th Plenary Session of the 13th CPC Central Committee, Song Jian, state councilor and minister of the State Science and Technology Commission, pointed out today that based on the recent events, we are again delighted to see that the great majority of scientists and technicians have lived up to the expectations of the party Central Committee, the State Council, and the people of the entire country. Facts have shown that except for a small handful of degenerates who stubbornly adhere to a bourgeois stand, the great majority of scientists and technicians are and will always be a pivotal force in promoting the progress and development of the Chinese nation and that they are a completely reliable force of the party and people.

He stated that the conscience of science tells us that as nature has destined us to be born on this land, our sacred mission is to live and work industriously with the people here forever. We are to share the people's sorrows and joys and dedicate all our wisdom, ability, and life to our people. I am convinced that the scientists and technicians will continue to work relentlessly on the three levels consisting of the principal battlefields of economic construction, the research and development of sophisticated technology, and of basic science so that our People's Republic will stand among the world's leaders in the new technological revolution.

Comrade Song Jian made these remarks in an expanded meeting of the Standing Committee of the State Science and Technology Commission. Also attending the meeting were other leading members and some elderly comrades who used to work at the State Science and Technology Commission. The participants were one in expressing their sincere support for the various resolutions adopted at the 4th Plenary Session of the 13th CPC Central Committee and vowed to work for the four tasks outlined at the plenary session.

**Ministry Party Group Focuses on Plenary 'Spirit'**  
*HK0507042589 Beijing RENMIN RIBAO*  
*in Chinese 29 Jun 89 p 2*

[Report: "Party Group of the Public Security Ministry Studies the Guidelines of the Party's Fourth Plenary Session"]

[Text] Beijing, 26 Jun—Since 22 June, the party group in the Ministry of Public Security has begun to relay and seriously study the spirit of the enlarged Political Bureau meeting and the Fourth Plenary Session of the 13th Party Central Committee and to study Comrade Deng Xiaoping's important speeches. They unanimously supported the important decisions made by the fourth plenary session of the Central Committee.

The party group members of the Public Security Ministry, who directly participated in the struggle to quell the counterrevolutionary revolt in the capital, deeply felt that without the foresight and great influence of the older generation of proletarian revolutionaries represented by Comrade Deng Xiaoping in this serious political struggle, the future and destiny of our party and our state would have become unimaginable. At the critical juncture of history, the older generation of proletarian revolutionaries represented by Comrade Deng Xiaoping rescued the party and the state. Only with their support for the policy decisions made by the party central leadership and the State Council could our public security organs and the Armed Police Force assist the People's Liberation Army in successfully fulfilling the martial law tasks and winning the major victory in the struggle to suppress the counterrevolutionary revolt in the capital.

For the last few days, the Ministry of Public Security has relayed the spirit of the fourth plenary session of the party Central Committee to leading cadres and party members in various subordinate departments and institutions. The ministry has also issued a circular to public security organs throughout the country, requiring that all public security cadres and policemen seriously study Comrade Deng Xiaoping's important speeches and the documents of the fourth plenary session, calmly reflect on the past and the future in connection with the public security work, and seriously study the actual problems that the public security work is facing and work out proper countermeasures. In the current struggle to stop turmoil and suppress the counterrevolutionary revolt, we should act strictly according to the laws and deal severe blows at the counterrevolutionary rebels who are guilty of the most heinous crimes according to facts and laws. At the same time, it is necessary to strictly distinguish between the two types of contradictions, which are different in nature. At present, we should grasp the favorable opportunity to deal heavy blows at serious criminal offenders of all kinds who have seriously disrupted public order, and should endeavor to create a fine

social environment with good public order for the all-around implementation of the spirit of the fourth plenary session of the 13th CPC Central Committee and for the smooth development of our socialist construction and reform.

**'White Terror,' Expected Purges Described**  
*HK1007090689 Hong Kong CHENG MING*  
*in Chinese No 141, 1 Jul 89 pp 11, 12*

[Article by CHENG MING special correspondent Chang Chuan (1603 1557): "Nearly 10,000 Persons Were Arrested in 2 Days Under the White Terror"—first four paragraphs are CHENG MING introduction]

[Text] A very large number of party members supported the students during the student movement. Therefore, a new purge of the party has practically begun with the arrest of student leaders.

Deng Xiaoping and Cheng Yun are angry at the senior cadres who supported the student movement. Deng Xiaoping criticized them, saying: "Whoever is unsteady should be immediately removed from their posts!"

At a certain meeting, RENMIN RIBAO chief editor Tan Wenrui and central leaders banged their fists on the table. Tan was so angry that he spat blood. RENMIN RIBAO publisher Qian Liren, who was also present, was seized by a heart attack. The two were taken to Beijing Hospital.

Yang Shangkun said: "The press has fanned up evil winds and fires. Over the past few years, the quality of reporters has been declining. Now it is time we did something about it." Li Peng said: "Many reporters are running around on sinister errands and are bent on acting contrary to the party Central Committee!" Some employees of a few major newspapers have started a noncooperation campaign "in silence."

The bloodstains in Beijing are still fresh, and the city is shrouded in a white terror. Actually, this is not confined to Beijing. A dragnet is being drawn across the country and the crackdown is nationwide.

High on the hit list are "counterrevolutionary rebels," "their supporters," and "the black hand" behind them.

**Arrests Are Made All Over the Country**

It is Deng Xiaoping again. This "chief helmsman" and the "chief architect" of the Beijing massacre has issued an unrelenting order [si ming ling 2984 0730 0109] demanding that all "rebels" be arrested. According to reliable secret information from the Ministry of Public Security, on 11 and 12 June alone, nearly 10,000 people were arrested in various parts of the country. Local public security departments have suggested to the Ministry of Public Security that over 100,000 people should be arrested. This figure tells us that a huge dragnet is



being drawn across the country. The CPC's purpose in cracking down on the students is, on one hand, to nip the prodemocracy movement in the bud and, on the other, to divert the people's attention from price hikes and official speculation, and suppress their growing discontent. Fundamentally speaking, the purpose of all this is to protect the Communist Party's dictatorship and interests. How barbarous and brutal the small handful of people are, who, for the sake of their own interests, immersed the capital city in a bloodbath, and who want to spare none of China's most outstanding pioneering intellectuals!

#### **A New Purge, Whose Purpose Is To Strike a Blow at the Opposition Faction Within the Party, Has Begun**

On 6 June, at a meeting of leading cadres from various ministries and commissions held by the CPC Central Committee, Qiao Shi indicated a hard-line stand, saying that all those party members, particularly those who are the party's leading cadres, who had been involved in signature drives and given moral support to the rebels during the "counterrevolutionary rebellion" would be punished by party discipline.

Party committees of Beijing units at or above the bureau level have been told by the municipal party committee and the central authorities that CPC members, particularly those who are leading cadres, who had participated in marches and demonstrations during the student movement were required to report to the relevant party discipline inspection committees, which would pass the information up the hierarchy level by level, and, after reporting what they have done, to profoundly examine themselves at meetings of party members. The discipline inspection committees will handle them according to their self-examinations. During the student movement, many party members supported the student's prodemocracy movement. Therefore, a new purge has practically begun with the arrest of student leaders. Many of those CPC members who participated in the student movement are now in a constant state of anxiety.

According to one count, about 100 leading cadres at or above the bureau level are known to have given their signatures. As of 10 June, the cases of over 50 of them had been thoroughly investigated. Deng Xiaoping and Chen Yun are extremely angry at the senior cadres who supported the student movement. Deng Xiaoping criticized them, saying: "Whoever is unsteady should be immediately removed from his post!" There is indication that the Yang Shangkun and Li Peng reactionary clique is going to take this opportunity to massively weed out [qing xi 3237 3156] the party, government, and Army leaders who oppose them. White terror has set in among senior party, Government, and Army cadres.

#### **Journalists Are Also High on the Hit List**

In addition to frenziedly arresting and cracking down on the so-called "rebels," the CPC is also "cleaning up [qing li 3237 3810]" the news circles. A ZHONGGUO QINGNIAN BAO reporter based in Yunnan, accused of

"relaying Beijing information," "provoking and supporting student demonstrations," and "giving refuge at his own home to two counterrevolutionary rebels listed as wanted by the Yunnan Provincial Public Security Office," has been the first one to suffer. He is the first reporter arrested by the CPC since the Tiananmen massacre on 4 June.

On 16 June, the Propaganda Department under the Beijing Municipal CPC Committee ordered news units in Beijing to suspend 12 reporters from their duties while the authorities considered how to handle them. These 12 reporters were accused of supporting the student movement, "relaying information" to the university students, "participating in the counterrevolutionary rebellion," provoking and organizing Beijing reporters to give "illegal" moral support to the student hunger strike, "conspiring to establish ties among Beijing reporters and to organizing them into a illegal federation," and so on. According to sources, the cases of these 12 reporters have been placed on file by the Public Security Bureau for investigation. If their "crimes are confirmed," they will be arrested.

Six reporters from ZHONGGUO QINGNIAN BAO, which persistently supported the student movement throughout its course, have also been suspended from their duties and are waiting to be handled. Similar news has been heard from other major newspapers.

The fact that many reporters participated in the demonstrations in the streets has made Deng Xiaoping, Yang Shangkun, and Li Peng very angry. Deng Xiaoping criticized them, saying: The student movement turned into such a large-scale movement because the press encouraged it. Relaying Deng Xiaoping's remarks, Yang Shangkun said: "The press has fanned up evil winds and fires. Over the past few years, the quality of reporters has been declining. Now it is time we did something about it!" Li Peng said: "Many reporters are running around on sinister errands and are bent on acting contrary to the party Central Committee!" The hostile attitude of Deng, Li, Yang, and others has seriously impaired the morale of the press. Some employees of a few major newspapers have started a noncooperation "silence" campaign. Everyday the reporters punctually go to work and punctually go home. They do not talk to each other and do not say anything at meetings. They are now behaving like dumb people, and the newspapers have become lifeless caves [si xue 2984 4494].

#### **The People Will Be Fooled Again in the Way They Were Fooled During the Cultural Revolution**

A cleanup operation has long been under way at RENMIN RIBAO, "the party's mouthpiece" on the highest level. By arbitrarily trampling on the freedom of the press and by flagrantly meddling with the newspapers by abusing their power, the authorities have aroused indignation among the newspapers.

On the morning of 3 June, at a meeting of the chief editors of the major newspapers called by central authorities, RENMIN RIBAO chief editor Tan Wenrui vented his anger against the central leaders. Tan Wenrui said in agony: "Can we, RENMIN RIBAO, objectively report something without siding with the students?" A central leader said: "You cannot." Tan said: "If we cannot do that, I will resign." The central leader said: "You cannot resign!" Tan said: "I am a party member...." The central leader said: "You shut up!" The two sides banged their fists on the table. Tan was so angry that he spat blood on the occasion. RENMIN RIBAO publisher Qi Liren, who was also present, had a heart attack. The two were taken to Beijing Hospital. The agitated RENMIN RIBAO chief editor Tan Wenrui phoned the newspaper from the hospital, saying: RENMIN RIBAO belongs to the people and should side with the people! It is said that after learning that troops had begun the massacre, Tan Wenrui attempted to remonstrate by killing himself. However, he was given emergency treatment, his life was saved, and he was kept under close watch.

Now both Qian Liren and Tan Wenrui are forced to resign and will be replaced by the propaganda team sent by Li Peng and Yang Shangkun. In the history of the CPC's internal struggles, the struggle for the press front and propaganda machine has always meant a major battle. Now Li Peng is apparently in control of these machines, "apparently" because he is unpopular with the mass media. Even Tan Wenrui, who is a tactful person, banged his fist on the table. One can easily conclude how others would react.

#### The Army Will Take Over All Beijing News Units

Since the fourth plenary session, the central authorities have decided to concentrate energy on rectifying the press. With the exception of BEIJING RIBAO and JIEFANGJUN BAO, all major newspapers are facing the problem of reshuffling their leading bodies. It has been decided that the chief editors of all major newspapers and journals will be assigned by the People's Liberation Army [PLA] General Political Department. Fourteen senior officials at or above divisional level from the major military regions, including directors of army cultural affairs and propaganda departments, have reported to the Central Propaganda Department and the PLA General Political Department. A major cleanup operation will soon begin within the news circles.

#### Editorial Report on Photos of Beijing Events OW0907121989

[Editorial Report] Beijing BEIJING REVIEW in English, in its issue dated 3-9 July (Volume 32, number 27), on pages 17 through 20 publishes a series of black-and-white photographs of events surrounding the unrest in Beijing in early June. The photo layout is not headlined, and except for captions, no text accompanies the photographs. On page 18, the second page of the spread,

a paranthetical note centered at the left side of the page identifies the photographers: "(Photos by Li Jing, Wu Jinsheng, Yuan Xuejun, Yang Ziheng, Zheng Shufu, and Tao Junfeng)."

Page 17, the first page of the spread, contains two photographs. Occupying the top half of the page is a large photograph of Deng Xiaoping, with other officials behind him, leaning across a row of chairs to shake hands with members of a large group of military officers. The caption below this photo reads, "On June 9, Deng Xiaoping, chairman of the Central Military Commission, received and made an important speech to army commanders and higher-ranked officers of the martial law enforcement troops in Beijing." The other photo on this page occupies the right side of the lower half of the page. It is a wide-angle shot of Tiananmen Square, with Tiananmen Square (to the Forbidden City, with portrait of Mao visible) in the background, with formations of military and Young Pioneers arrayed throughout the square. In the foreground, a group of uniformed female Young Pioneers is carrying a large arrangement of flowers forward. The caption to the left of the photo reads, "On June 17, 10,000 Young Pioneers of Beijing held a gathering with the theme, 'Love the Communist Party of China and love our socialist motherland' at the Tiananmen Square recently swept clean. Some officers and men of the martial law enforcement troops attended."

The two facing pages at the center of the layout, pages 18 and 19, contain an arrangement of 10 photographs. At the center of the arrangement is a triangular arrangement of three small photographs of a body, the first showing a naked body lying on a road; the second showing a body lying in a road, burning, as bicyclists pass by in the background; and the third showing a body, apparently impaled, against a burned bus. Little detail is distinguishable in any of the three photos. The caption reads, "At Beijing's Xidan intersection, Liu Guogeng, a second lieutenant of the martial law enforcement troops, was first beaten to death (upper left), then burned (right), and disemboweled (lower left)."

The other photos, slightly larger than those of the body, are arranged around the edges of the two-page spread. Taken clockwise beginning at upper left, the first photo is a back-lit street-level view showing trucks and cars parked in rows on either side of the photo, with the profile of an armed personnel carrier at center and flames and smoke in the background. The caption reads "A horrifying counterrevolutionary rebellion broke out in Beijing on June 3. In an attempt to subvert the People's Republic, a handful of rioters incited innocent people to attack major government departments, set fire to police watchtowers, army vehicles, and public buses, and intercept martial law enforcement troops advancing into downtown Beijing and Tiananmen Square. Pictured are vehicles set ablaze by rioters." Second, at top center, is a close-up photo of two uniformed men with bandages on their heads, in the midst of a group of uniformed people, captioned, "During the rebellion, dozens of PLA

[People's Liberation Army] and Armed Police Officers and men were killed, and more than 5,000 wounded. Here are some of the wounded officers and men." Third, at upper right, is a night shot of uniformed soldiers crouching around or moving across some debris on the ground, with flames or lights on the ground in the background, captioned, "On the evening of June 3, advancing with the roadblocks cleared."

Fourth, at center right, is a photo of four civilians sitting on the ground with heads down and hands behind their necks, as four armed soldiers pose behind them, captioned "Some of the rioters were caught redhanded." Fifth, at the lower right, is a wide-angle daytime photo of Tiananmen Square, showing people working at a large amount of debris, some of which appears to be smoking. The Tiananmen gate is visible in the background. The caption reads, "Martial law enforcement troops began cleaning up Tiananmen Square soon after all students left at 5:30 am, June 4." Sixth, in bottom center, is a night shot of two buses parked end to end, one of which is engulfed in flames. The caption reads, "Rioters set buses ablaze. Altogether, more than 500 military vehicles and some 100 public buses and trolley buses were burned during the riot." Last, in the lower left corner, is a daytime shot taken from above, of a street or square occupied by many people. Buses and trolleys are parked across the open area, apparently arranged as barricades. The caption identifies the photo as, "A riot scene at the Muxidi area in western Beijing."

The fourth page of the layout, page 20, contains five medium-sized photographs. Side by side, at the top of the page are a photograph of a convoy of trucks moving through a city street and a close-up of a soldier carrying a grain sack on his shoulder, captioned, "Martial law enforcement troops sent food grain to residents soon after they quelled the riot." The center of the page also contains two photos side by side. On the left is a photo of an elderly woman, with other people in background, leaning down to shake the hands of soldiers seated on the ground, captioned, "Grandmother Zhao Zhenni visits the martial law enforcement troops to greet the PLA officers and men." On the center right is a wide-angle shot showing piles of vegetables on the ground in the foreground, with civilians moving around immediately behind them, and a large group of uniformed men in the background, captioned, "A greengrocer in Beijing's Fengtai District sent vegetables to martial law enforcement troops."

The last photo in the layout, at the bottom of the fourth page, is a single, slightly larger photo of a smiling young man in civilian clothes standing among some smiling soldiers in uniform, captioned, "Ma Xiaomin, a student of the Beijing No 140 Middle School, risked his life to take to safety four PLA officers and men in danger of being attacked by rioters 4 June."

#### **Activities of Beijing Hunger Strikers Detailed** *HK0807085489 Beijing XINHUA Hong Kong Service in Chinese 0336 GMT 8 Jul 89*

[Report: "RENMIN RIBAO Discloses Speeches and Actions of Hunger Strikers in Front of Xinhua Gate"—XINHUA headline]

[Text] Beijing, 8 Jul (XINHUA)—RENMIN RIBAO today carries an article by eyewitness Zheng Yan, exposing the words and deeds of the hunger strikers in front of Xinhua Gate. The full text is as follows:

On 17 May 1989, the sit-in and hunger strike staged by the students in Tiananmen Square entered the fifth day.

At 1400, carrying a horizontal scroll inscribed with the words, "Hunger-striking group of students from China Politics and Law University," eight male and female students arrived in front of Xinhua Gate at Zhongnanhai, announcing that they would start a sit-in and hunger strike. At 2100, another group carrying a banner bearing the words, "Hunger-striking group of teachers from China Politics and Law University," joined the ranks of hunger strikers.

At this time, after the storming of Xinhua Gate on several occasions on 18 April and the sit-in by over 100 college students on 13 May, the area in front of Xinhua Gate became a place where a group of people willfully trampled the legal system, fabricated rumors, and frenziedly attacked the CPC, socialism, and party and government leaders. From 19 April to 3 June, this writer witnessed scene after farcical scene in front of Xinhua Gate.

#### **The State Gate Suffers Outrages**

Every day, from morning till night, thousands upon thousands of people gathered in front of Xinhua Gate where a handful of people with ulterior motives willfully spread rumors, shouted reactionary slogans, delivered reactionary speeches, and carried out vicious and personal attacks on party and government leaders. On 18 April for the first time, they shouted such reactionary slogans as "Down with the Communist Party" and "Abolish the four cardinal principles." From, then on the reactionary clamor in front of Xinhua Gate intensified. During the chaotic days and nights in front of Xinhua Gate, every now and then some people made reactionary speeches attacking the party and the government; used doggerel they had composed themselves to vilify and abuse party and state leaders; announced the so-called "latest news"; fabricated rumors saying that "70,000 workers in the Shoudu Iron and Steel Complex had gone on strike," "Marshall Xu and Marshal Nie opposed martial law," and so on; and spread the slanderous remarks of "Voice of America" and the Hong Kong and Taiwan media. They also posted



reactionary leaflets and large- and small-character posters on the pillars, windowsills, and walls of Xinhua Gate. Even the flagpole and stone lions in front of Xinhua Gate did not escape.

Every evening, when the guards came to the flagpole to lower the flag, some people raised a hue and cry by ferociously throwing stones or spitting in the direction of the national flag and the guards. They also asked "Madman" Yang Lianzhi to play and sing reactionary songs, and even asked people not in their right minds to make fools of themselves. It was Yang Lianzhi who installed loudspeakers on the flagpole and trees in front of Xinhua Gate, with which he attacked at great length the party leadership, the socialist system, and the people's government. He publicly incited the students to take up arms to overthrow the government and crying: "Go all out in launching the 'four greats' [speaking out freely, airing views fully, holding great debates, and making big-character posters] and have another 'great Cultural Revolution.'"

Many people in the "Hunger-Striking Group of University Teachers" in front of Xinhua Gate were not teachers. Li Zixi, a member of the China Politics and Law University Hunger-Strike Group, was originally a worker at the Politics and Law University publishing house. Because he had committed serious errors by taking advantage of the convenience provided by his job to obtain large amounts of sales commission, the school authorities had been ready to dismiss him. It was precisely this person who became the hunger strike organizer. Running around on sinister errands, he threatened that if the objective was not achieved, he would burn himself to death in front of Xinhua Gate. He also frenziedly held the guards hoisting or lowering the national flag by the arm, shouting: "You should revolt and train your guns at the government. Otherwise, we shall settle accounts with you someday."

#### Strange Happenings During the Sit-In and Hunger Strike

Holding a sit-in and going on a hunger strike is usually very painful, but the hunger strikers in front of Xinhua Gate often came and went in twos or threes. It was discovered by this writer that they stealthily ate chocolates, bread, condensed milk, and other food around the corner. When the masses offered them water, they set it aside unceremoniously and sucked up Beijing royal jelly with great relish. They said: "We only announced that we would refrain from eating food and drinking water. We did not say we would refrain from drinking soft drinks." Some kindhearted people were puzzled, saying: "They have been on hunger strike for so many days, but they still seem to be in good spirits. It is really strange." Some of the masses pointed out sharply: "The hunger strike staged by these people is purely a fraudulent trick and is a political gimmick aimed at putting pressure on the government."

At night, people saw that among the participants in the sit-in, some men and women were huddled up against each other or were in each other's arms, while others teased each other or told jokes. Many of the people present were simply so indignant at seeing all this that they left in disgust.

#### The People's Liberation Army [PLA] Was Insulted

For the sake of the motherland's dignity and to prevent a few ruffians from storming Zhongnanhai, the guards and fighters, as ordered by their superiors, "did not fight back or talk back even though they were attacked and insulted." They sat down in good order, and with their own flesh and blood built a wall protecting Zhongnanhai.

However, these young soldiers met with spiteful insults and attacks. Some people hurled candy at them and others shouted: "Good! Feed the dogs!" Others called them "running dogs," "idiots," "bastards," "household servants," "fascists," and "lackeys." Still others forcibly placed reactionary handbills on their laps and barked into their ears using bullhorns. Some pinched the ears of the fighters and spitefully asked them: "Do you obey orders?" Some hurled stones, bricks, glass, and bottles at them. Several dozen officers and men were injured in this way. In addition, some shameless women even performed indecent gestures in front of these officers and men. On the evening of 3 June, a few rebels made two attempts to storm the Xinhua Gate, attacking the unarmed fighters—who "did not fight back or talk back"—with clubs, bricks, and steel bars. An elderly lady did not have the heart to continue watching. She said indignantly: "These PLA soldiers are only 17 or 18. You cannot treat them like this." Before she could finish, she was herself attacked by a crowd of people.

In order to avoid hurting the masses by mistake, the guards and fighters showed great tolerance and restraint, and swallowed the insults without fighting back.

#### The Last Stubborn Despairing Fight

At 0300 on 31 May, leaders and teachers from the State Council General Department, the Ministry of Aeronautics and Astronautics Industry, the Chinese Academy of Sciences, the Ministry of Justice, Beijing University of Science and Technology, Beijing Aerospace University, and China Politics and Law University came to Xinhua Gate to implore the students to take the overall situation into consideration and leave. Shortly before 0400, all the students from Beijing Aerospace University left with university leaders. Some other people also accepted the advice and a few of them began loading their belongings onto trucks. At this time, a bespectacled long-haired student from the Politics and Law University suddenly stood up and said threateningly: "Fellow students! Are you leaving now? Leave if you think what you have done is wrong and sit down if you think what you have done is right!" A young man beside him who had just rushed there from Tiananmen Square said to the

students who were about to leave: "The Federation of Autonomous Student Unions in Beijing Universities and Colleges is aware that you are withdrawing, and orders you to carry on." Someone shouted: "Fight on and victory will come," and "We will kill whoever leaves!" Some of the people from Tiananmen Square frenziedly smashed things against the trucks and yelled at and insulted the leaders from the ministries and institutions who were trying to persuade the students. The students who intended to leave were thus forced to remain there.

However, history is merciless. The counterrevolutionary rebellion was put down 3 days later. The five-star flag continues to flutter in the wind in front of Xinhua Gate, looking more brilliant than ever before.

### Student Federation 'Revealed' in Article

HK1107071789 Beijing RENMIN RIBAO in Chinese  
7 Jul 89 p 4

[Article by Yan Shi (0917 1395), originally carried in 4 July BEIJING QINGNIAN BAO: "Please Look at the True Colors of the 'College Federation'"]

[Text] The full name of the "College Federation" is the "Federation of Autonomous Student Unions in Beijing Universities and Colleges." In the course of the Beijing student unrest, which turned into turmoil and then into a counterrevolutionary rebellion, the "College Federation" played a very important role from beginning to the end. Because of the complicated nature of the struggle, many kindhearted people do not clearly understand the true colors of the "College Federation." With the suppression of the counterrevolutionary rebellion and exposure of the true nature of a handful of people and various forces who fabricated, maneuvered, and utilized the student unrest, the counterrevolutionary nature of the "College Federation" has been gradually revealed.

### First, the background to the establishment of the "College Federation" and its organizational system

Since the first half of last year, some people from the colleges began to conduct organized activities, advocating various bourgeois liberalization views among the students. Beginning at the end of 1988, they whipped up dissatisfaction with the government to make trouble on the occasions of the 70th anniversary of the May 4th Movement, the 200th anniversary of the French Revolution, and the 40th anniversary of the founding of the PRC. In February and March this year, they were more active in organizing various salons and seminars, collecting signatures, and claiming to intend to stage a democratic movement by 4 May with the aim of instituting a multiparty system in politics and private ownership of the economy. When Comrade Hu Yaobang died on 15 April, they considered it a good opportunity to stir up emotions, and moved their original plans up.

Beginning in May 1988, some people organized weekly "democratic salons" and invited leading advocates of bourgeois liberalization, such as Fang Lizhi, to disseminate their propaganda. On 19 April of this year, the "Beijing College Student Solidarity Preparation Committee" was set up to lead the so-called student movement at the 16th "democratic salon" held at Beijing University, presided over by Wang Dan. The preparatory committee consisted of seven members: Ding Xiaoping, Wang Dan, Yang Tao, Yang Dantao, Xiong Yan, Feng Congde, and Chang Jing. The Preparatory Committee laid the foundations for the "Federation of Autonomous Student Unions in Beijing Universities and Colleges."

As the unrest turned into turmoil, they considered the time ripe for an attack on the party and the government. Drawing lessons from past student unrest, they rushed to organize their own system. On 20 April, over 300 students from different institutions held a meeting, presided over by Ding Xiaoping, and announced the founding of the "Federation of Autonomous Student Unions in Beijing Universities and Colleges," which directly organized tens of thousands of students to participate in the petition activities in Tiananmen Square on 22 April. On 23 April, "representatives" of 21 universities and colleges held a meeting in Yuanmingyuan Park to found the "Provisional Committee of Beijing Universities and Colleges," that is, the provisional college student federation, and elected Zhou Yongjun, a student at the Beijing University of Political Science and Law, as chairman. Its members included Wang Dan, Wuer Kaixi, Ma Shaofang, and Zang Kai. On 28 April, the "provisional committee" held a meeting at the University of Political Science and Law and replaced Zhou Yongjun with Wuer Kaixi as chairman. The name of the provisional committee was changed to "The Federation of Autonomous Student Unions in Beijing Universities and Colleges." This marked the official founding of the federation.

Since its founding, the federation has had two remarkable features: First, frequent personnel changes and the stability of backbone members and, second, multiple names and derivative organizations. For example, a "dialogue delegation" was founded on 2 May, a "hunger strike delegation" on 13 May, and the "Tiananmen Square provisional headquarters" on 22 May, which was changed to "The headquarters to defend Tiananmen Square" on 26 May. The main reasons for these were: First, to meet their so-called "needs of struggle." The purpose was to put up smokescreens. Actually, the ring-leaders—Wang Dan, Wuer Kaixi, Chai Ling, Feng Congde, and Guo Haifeng—remained active in various organizations. Second, frequent differences of opinion and disputes arose within the "College Federation" in a scramble for power and benefit, which resulted in the disintegration of the federation.

### Second, the true colors of the "College Federation"

From the preparation to its founding, the federation had a very clear program. Its fundamental purpose was to overthrow the leadership of the Communist Party, overturn the socialist system, and annul the four cardinal principles. Their slogans and specific targets changed constantly in light of the development of the situation. At the beginning of the turmoil, they attacked party and state leaders and tried to negate the antibourgeois liberalization movement, the drive to eliminate spiritual pollution, and the rehabilitation of the ringleaders of bourgeois liberalization. In the course of the dialogue during the turmoil, they demanded that the CPC thoroughly negate the 26 April editorial and bless the demonstrations as a "patriotic movement. They also demanded that their "federation" be recognized as a legitimate organization. During the turmoil, they openly advocated the dismissal of certain leading personages and agitated for the subversion of the government. Their purpose was, as Wang Dan stated in an article in the U.S. publication *WORLD HERALD* on 17 May, to "set up a Westernized political system," a system of private ownership of the economy, and a multiparty system in politics.

The "College Federation" was also the direct organizer of the turmoil and counterrevolutionary rebellion. It took a direct part in creating the turmoil from its very establishment. It organized the illegal petition in Tiananmen Square on 22 April, the citywide student strike on 24 April, and the demonstrations on 4 May and succeeding days. In particular, it organized a hunger strike during Gorbachev's state visit to China on 13 May, in an attempt to impose pressure on the party and the government by using the students' lives as pawns. On 19 May, the "College Federation" began to spread rumors after learning from behind-the-scenes sources that martial law would be declared in the capital city. The federation said that the troops would enter Beijing to suppress the students. It announced the code numbers of the martial law enforcement units and their march routes, and instigated the students and civilians to block Army vehicles and surround the troops. On 25 May the federation held a meeting at which it devised two sets of plans and decided to assault the government fiercely. It also sent five propaganda teams to various parts of the country to wage unified action. On 2 June the federation organized an exhibition of "trophies" in front of the Monument to the People's Heroes to display the military equipment it had illegally looted. At the same time, it broadcast details of how to make and use Molotov cocktails. The "College Federation" also held a joint meeting with the "Beijing Autonomous Workers Union" to draw up plans for beating, smashing, looting, and burning to be carried out throughout the country. They were also prepared to set up an assassination group and had thus become the direct organizers of the rebellion.

The "College Federation" is a traitorous organization that has collaborated and formed close ties with foreign reactionary forces, directly accepting their financial support. According to its own estimates, it needed at least

100,000 yuan daily to continue the activities in the square. Local donations were far from enough to cover this huge cost. A deputy director of the federation asserted that they had collected a total of 10 million yuan, including 3 million yuan in cash. Overseas funds came from the United States and France, and some people from Hong Kong also rented rooms in the Beijing Hotel to provide funds for the students in the square. When the federation ringleaders finally fled, each had tens of thousands of yuan. The "College Federation" obtained passports through foreign forces for 40 ringleaders of the organization to be used when fleeing the country in case the situation turned disadvantageous to them. They provided foreign press media with classified state material and information, and are trying to fool and incite the people in China through the foreign media.

The "College Federation" shouted the slogans of democracy and freedom, but as a matter of fact, they were a gang of political hooligans. The logic was this: "When rumors are repeated several hundred times they will become truth." They fabricated rumors to stir up the emotions of the students and other people in an attempt to keep the turmoil going. After Comrade Hu Yaobang's death, the federation asserted that he was poisoned to death. The purpose was to incite a student demonstration. Subsequently, they fabricated rumors that a "female student from the Beijing Teachers University had been killed by a police car" and that a "tragedy occurred in front of Xinhua Gate on 20 April." Some students who did not know the facts were deceived and took to the streets on 21 April. On 22 April the federation fabricated the rumor that Premier Li Peng had promised but then refused to meet the students, thus aggravating the students' resentment against the government. On 13 May it instigated the students to go on hunger strike by spreading a rumor that the government had refused to hold a dialogue with the students. It asserted that the hunger strike would last for 30 hours only, but as a matter of fact, once students joined the hunger strike, they were not allowed to withdraw, while the organizers of the hunger strike engaged in extravagant eating and drinking. On 20 May and the days thereafter, they spread the rumor that the martial law enforcement troops would take repressive measures against the students, and called on the students to defend the square, thus setting the students against the government. When a traffic accident claimed the lives of three civilians on the night of 2 June, the federation said that three prodemocracy fighters had been killed by a military truck and used this as a pretext to trigger a counterrevolutionary rebellion. On 4 June they fabricated a rumor that the "troops had carried out a bloody massacre in Tiananmen Square and that several thousand people had been killed," in an attempt to instigate the masses to oppose the government. Thus the student movement developed into a riot and eventually turned into a counterrevolutionary rebellion because the "College Federation" kept fabricating rumors to fool the masses and incite their feelings.



From what it has done, we know that the "College Federation" was set up after long preparations and was a counterrevolutionary organization with an explicit political program and target. Spreading rumors was its main method of inciting the people. It used the good intentions of the masses to stir up turmoil and counterrevolutionary rebellion. More and more people will surely see it in its true colors.

**XINHUA Highlights Beijing-Based Newspapers**  
*OW1107071889 Beijing XINHUA in English*  
0618 GMT 11 Jul 89

**11 Jul**

[Text] Beijing, July 11 (XINHUA)—Highlights of today's major Beijing-based newspapers:

**"PEOPLE'S DAILY"**

The leading newspaper carried stories about separate meetings between General Secretary of the Chinese Communist Party Central Committee Jiang Zemin and Romanian and Ethiopian guests.

He expressed the aspirations of the Chinese people for the development of friendship and relations of co-operation with the two countries.

The newspaper carried another frontpage story about China's efforts to open up another channel to the outside world through its Western region.

This channel is designed to develop economic, cultural and technical exchanges with the Islamic countries, the Soviet Union, and other countries in Eastern and Western Europe.

**"ECONOMIC DAILY"**

The paper devoted its frontpage coverage to interviews with directors of state and local taxation administrations on stepping up tax administration of private businesses and undertakings.

The interviews were made yesterday at a national financial work meeting in Beijing.

**"LIBERATION ARMY DAILY"**

The newspaper highlighted a big corruption case uncovered in the Fujian Provincial Military Command, in which 93 officers and men were involved.

Among them, nine are commanders at and over the regimental level. Ten of them were found to have taken bribes of more than 10,000 yuan each.

**"CHINA YOUTH NEWS"**

The paper carried a prominent article by veteran revolutionary Deng Yingchao, urging young people to foster a right outlook on life and marriage.

The article was first published 66 years ago.

**12 Jul**

*OW1207063889 Beijing XINHUA in English*  
0535 GMT 12 Jul 89

[Text] Beijing, July 12 (XINHUA)—Highlights of today's major Beijing-based newspapers:

**"PEOPLE'S DAILY"**

China's leading newspaper reported a meeting between General Secretary of the Chinese Communist Party Central Committee Jiang Zemin and three Hong Kong public figures.

Jiang said the principle of "one country, two systems" will benefit Hong Kong, the whole country, Britain and other countries.

The paper also published a commentary calling for joint efforts to promote harmony on both sides of the Taiwan Strait.

It said the deportation of Peter T.P. Huang, a reporter for the Taiwan-based "INDEPENDENCE EVENING POST", yesterday, was for his violation of the criminal law of the Chinese mainland. But, relevant mainland departments showed leniency to him and released him for the sake of the relations between both sides of the strait.

The newspaper also carried stories reporting a press conference given by State Council spokesman Yuan Mu on China's current economic development. He also answered questions raised by both Chinese and foreign correspondents.

**"ECONOMIC DAILY"**

The newspaper gave frontpage coverage to a report that no foreign-funded enterprise in Shenzhen, one of China's four special economic zones, has been found to have withdrawn capital or stopped production, despite the recent turmoil in Beijing.

In June, overseas investors there applied to invest further in 76 projects.

**"WORKERS' DAILY"**

The paper carried a frontpage story on the advent of the flood season in Sichuan Province.

China's most populous province has suffered heavy losses in the past four days from torrential rains which claimed at least 249 lives, injured more than 300 people and stranded over 3,000 in 100 of its 180 counties.

Total economic losses are not yet known.

### "GUANGMING DAILY"

The newspaper for intellectuals gave the lead position to a story about four new regulations issued by Shanghai. They cover dancing and musical entertainment facilities, entertainment bands, folk art troupes and profit-making fashion shows, respectively.

The regulations were published by the municipal bureau of culture.

### Economic Journal Changes Name 1 Jul

OW0807182589 Beijing Domestic Service  
in Mandarin 0430 GMT 30 Jun 89

[From the "International News and Current Events" program]

[Text] ZHONGGUO JINGJI XINXI BAO [CHINA ECONOMIC INFORMATION JOURNAL] will change its name to ZHONGGUO JINGJI XINWEN [CHINA ECONOMIC NEWS], effective 1 July. Its editorial policy remains the same—to disseminate firsthand, accurate, practical, and timely economic information; to promote exchange and cooperation among enterprises and regions, as well as between China and foreign countries in science, technology, goods and materials, funds, and personnel; (to) foster markets; guide consumption; advance reform; and be of service in developing a socialist, planned commodity economy.

### Economic & Agricultural

### Minister Wang Calls For Controlling Deficit

OW0607183489 Beijing XINHUA in English  
1747 GMT 6 Jul 89

[Text] Beijing, July 6 (XINHUA)—Minister of Finance Wang Bingqian urged all financial and taxation departments in China to increase revenue and reduce expenditure in the latter half of this year to keep China's deficit within the targeted limit.

Addressing the national conference on finance which opened here today, Wang said China is still facing many difficulties in balancing its revenue and expenditure.

It was learned that in the first five months of this year, the growth of the national revenue was slow while the expenditure rose too fast. According to statistics, the domestic national revenue was 85.2 billion yuan in the first five months of this year, only 7.6 percent more than in the same period of last year or 31.7 percent of the annual budgeted figure this year. The percentage of growth was smaller than what the budget demanded.

Meanwhile, the domestic expenditure reached 82.98 billion yuan, 15.9 percent more than in the same period of last year or 30 percent of the annual budgeted figure this year.

The difference between the revenue and the expenditure, or the surplus was 2.2 billion yuan, less than that in the same period of last year.

Wang attributed the slow growth of this year's revenue to lower increase rate of industrial output value, the price hike of raw materials, poor management and the drop of economic efficiency in enterprises.

Statistics reveal that in the first five months this year, the output value of industrial enterprises under the state budget only increased by 5.3 percent compared with that in the same period last year, while fulfilled profits dropped by 9.2 percent, the comparable product cost went up by 18 percent, managerial expenses of enterprises went up by 22.8 percent and the volume of economic losses in those inefficient enterprises rocked up by 113 percent.

As for the sharp increase in financial expenses, Wang attributed it to the laxity in bringing expenditures under strict control. For example, according to the state budget, the administrative expense is to increase by 2.5 percent, but in the first five months it increased by 23.6 percent.

The minister pointed out that the serious situation in China's finance over the past several months has brought about much pressure on the attainment of the budgeted state targets for this year.

### Trade Negotiators 'Returning Fairly Quickly'

HK0507072289 Beijing CHINA DAILY in English  
5 Jul 89 p 2

[By staff reporter Qu Yingpu]

[Text] Foreign businessmen are returning to China's biggest foreign trade negotiation building in Beijing's western outskirts near the State guest house.

Between 9:00 and 10:00 am on Monday, the building hosted 31 foreign trade talks. Eleven of the 31 delegations were from Japan, four from West Germany, and others from Finland, the United States, the Soviet Union, Denmark, Italy, Mongolia, Hungary, and Hong Kong. Their talks are mainly involved in China's imports of machinery, minerals, technology, instruments, chemical products and foreign trade transportation.

Wang Shiwei, who is in charge of the management of the building, knows that after a slump last month, profits are returning.

Wang said that following last month's turmoil foreign trade negotiators are returning fairly quickly, as shown by the sharp increase in her business during the last two weeks of June.

Wang said from the period June 19-July 1, 476 foreign trade talks were held in the building. But last month's total of 1,469 negotiations could still not match the March figure of 5,130, she said, adding, that the "trend is promising."

She said the nationalities of the foreign delegations have shown slight changes. The percentage of delegations from the Soviet Union and Eastern Europe is increasing. The number of trading teams from Western Europe is also resuming steadily. But those from Japan and the United States have decreased.

China's major foreign trading companies, meanwhile, are also becoming more optimistic about their business in the second half of this year.

Export Von Bahnbaumaschinen, an Austrian road maintenance equipment trader, telexed the China National Machinery Import and Export Corporation (CMC), saying, "We have always placed confidence in the continuation of our business relationship and therefore have carried on our contractual obligations without interruption as we shall do it in future," the telex said.

In another telex, Amandus Kahl Nachf, a West Germany [as published] told CMC, "At no time was there a doubt that after the unrest ... has been brought under control, our close contacts could be continued."

There is, however one worry for the major Chinese trading companies: that is that some foreign governments are freezing their loans to China. These loans provide the Chinese importers with the money to buy foreign products. Trading officials said the negative influence of the boycott will be felt next year and the year after.

#### **Industry Urged To Cut Fuel Consumption**

HK0507072889 Beijing CHINA DAILY in English  
5 Jul 89 p 3

[CD News]

[Text] A drastic reduction in industrial fuel consumption is the only way for China to ease its worsening energy crisis, according to officials in the Ministry of Energy.

China can save as much as 300 million tonnes of coal per year if industry reduces its fuel costs to that of advanced industrialized countries during the late 1970s or early 1980s, the officials said.

According to these officials, the major industries in this country now consume up to 90 percent more energy than their counterparts in advanced countries while producing only an equal amount in output.

A marked example is the steel industry. China now produces about 60 million tonnes of steel per year, at an average fuel cost of some 1.205 tonnes of coal per tonne of steel, as compared with the corresponding fuel cost of 0.76 tonne in Japan and 0.8 tonne in France a few years ago.

In the country's rapidly-expanding power industry, coal-fired generators now need an average of 431 grams of coal to yield one kilowatt-hour of electricity, costing about 30 percent more fuel than power stations in the Soviet Union or Japan in 1983.

The country's huge cement industry, another major energy consumer, uses an average of 191.2 kilograms of coal to produce one kilogram of cement, nearly 60 percent more than the average fuel cost of cement in Japan.

Other high-energy-cost industrial products, such as boilers and pumps, are rated as about 30 percent more fuel-expensive or 20 percent less efficient, compared with their counterparts in the advanced industrial countries, the officials said.

The country can cut its power consumption by nearly 10 billion kilowatt-hours if all industrial consumers cut their fuel cost to the current lowest level in their own industry, the officials pointed out.

A nationwide drive started in 1980 to cut back on fuel and energy consumption has saved the country 100 million tonnes of coal.

#### **'Sharp Fall' in Railway Travel Noted**

HK0507071689 Beijing CHINA DAILY in English  
5 Jul 89 p 1

[By staff reporter Gao Jinan]

[Text] Railway passengers have been having the unusual experience of comfortable travel recently—because there has been a sharp fall in their numbers.

About 3 million have been travelling every day which is just the right number for the network according to a Ministry of Railways official.

Last year at this time, the daily total was over 4 million and 80 extra trains had to be put on to cope.

Then it was a familiar experience to have more than 200 people crowding into a railway car 24 metres long and three metres wide—providing an average of less than 0.3 square metres of space for each person. Usually there are 118 seats in a hard-seat rail car.

The ministry spokesman said extra trains would be put on again if the number of passengers began to grow.



But in fact 26 passenger trains have stopped operation since early June because of the drop in passengers following the unrest in Beijing last month.

July and August have always been the peak summer travel months, but the figures don't look like being anything like previous years.

At Beijing railway station, where not so long ago it was difficult to find a space to set down your luggage, now passengers can even find a bench free to rest.

The opportunity of less overall passenger transport was being taken to speed up freight trains.

During the first half of this year, the railways carried 600.54 million passengers, 52.7 per cent of the total expected for the year and 15.11 million more over the corresponding period last year.

The average daily number of passengers was about 3.32 million, a 3.1 per cent rise, with the highest reaching over 4 million.

The ministry said the increase was made up of farmers, military recruits, ex-servicemen and a very large proportion of students.

In the same period, 721.52 million tons of freight were carried, 50.5 per cent of the year's target, and 16.66 million tons more than the same period last year.

Since the beginning of this year, the ministry has been increasing coal transport, and 297.07 million tons were sent to the country's five major thermal power networks, reaching 51.2 per cent of the year's planned total.

More than 1,000 special train for coal transport were put into service in the Harbin, Beijing and Zhengzhou rail bureaus.

**Program To Develop Transport Technology Launched**  
*OW0507154489 Beijing XINHUA in English*  
1146 GMT 5 Jul 89

[Text] Beijing, July 5 (XINHUA)—China will launch an ambitious program in the next two years to upgrade transportation technology and overhaul its backward highways and waterways in keeping with the growing economy.

Zheng Guangdi, vice minister of communications, said at a news briefing here this morning that the research and development program is aimed at solving some major problems affecting China's highway and waterway transport.

Included in the technology program are 180 projects in 14 categories, covering the development and macro-control of communications, highway engineering technology, inland waterway dredging, highway and waterway transport, traffic safety control as well as traffic environmental protection.

With regard to highway engineering, the program will provide a package of techniques for building high-grade highways, including half-rigid bitumen structure and slippery-resistance surface, remote sensing and computer-aided designs.

"If these projects are completed, they will help reduce the building cost for bitumen pavements by 10 percent and for roadbed by 10 percent also," Zheng said.

In the field of bridge engineering, China will develop a number of brand-new bridges and explore technology and facilities for big-span bridges, including stability analysis as well as wind-resistance and earthquake-proof designs.

The program will involve 5,000 technical personnel and researchers. Foreign cooperation is expected.

**Joint Venture With Coca Cola Begins Operations**  
*OW0707025189 Beijing XINHUA in English*  
1528 GMT 6 Jul 89

[Text] Nanjing, July 6 (XINHUA)—The Nanjing BC Foods Co. Ltd., the first Chinese-Coca Cola joint venture in China, went into production here today.

The new company has a registered capital of 4.87 million U.S. dollars. It was jointly invested by the Coca Cola Corporation, and the China International Trust and Investment Corporation, the China General Import and Export Corporation of Grains, Oils and Foodstuffs, and the Nanjing General Factory of Spices.

The new company mainly produces Coca Cola, Fanta, Sprite and other internationally famous-brand soft drinks. The main equipment was all imported.

With a production capacity of 550 glass bottles of the drinks per minute or 100 million bottles one year, the production line is the biggest of the kind in China.

Coca Cola was allowed to re-enter China in 1978. Before the construction of this new company in which the Coca Cola Corporation has shares, Coca Cola Corporation had helped some enterprises in Beijing, Guangzhou, Xiamen and Shanghai build up factories to produce products of the Coca Cola Corporation.

Besides supplying the concentrates of the soft drinks, the Coca Cola Corporation has also sent people to take part in the management of the new company and train the Chinese workers.

**Commentator Urges Education of Peasants**

HK0307022289 Beijing JINGJI RIBAO in Chinese  
20 Jun 89 p 1

[Commentator's article: "Do Not Forget To Educate the Peasants"]

[Text] It is a foregone conclusion that China will chalk up an increase in summer crops. The news is heartening. It is a great success scored through joint efforts on the part of party committees and governments at all levels who paid great attention to agriculture, all walks of life who enthusiastically serve agriculture, and the broad masses of peasants who worked hard and conquered various natural disasters.

At present, it is important to guarantee that every grain is harvested, and to fulfill the task of purchasing contract grain as soon as possible and in the best possible way so that the state will procure the grain that it should procure. This is of great importance to stabilizing the overall situation, reassuring the masses, and further improving the national political and economic situation.

To ensure that the task of purchasing contract grain will be accomplished, governments at all levels must work hard to carry out various policies. In recent years, the party and government have adopted a series of effective measures and preferential policies to step up agricultural development and to mobilize the peasants' enthusiasm for production. This shows that the state has the peasants at heart and makes sure that the peasants' interests are taken into account. The State Council recently issued a special circular on doing a good job in purchasing grain and oil, asking governments at all levels to get necessary funds ready in every possible area so that they will pay peasants in cash, rather than handing out "white slips" for their grain and oil. The commercial, financial, communications, and other relevant departments and banks should play a supporting role, providing the best possible conditions for peasants. Governments and relevant departments at all levels and the vast number of cadres working in the countryside should fulfill their duties and do a good job so that the peasants will feel satisfied.

At the same time, we should not forget to conduct education in socialism and patriotism among the peasants. We often said in the past that "the grave problem lies in education of the peasants." This statement still holds true. But for a time, quite a lot of localities forgot to carry out ideological education among the peasants. They talked only of economic interests to the neglect of ideological education, and only mentioned rights at the expense of obligation. It seemed that the relations between the government and the peasants were of an economic nature. Facts have proven that this is a one-sided and harmful approach. Take for example the purchasing of contract grain. The central authorities have pointed out on many occasions that in selling grain ordered by the contract, the peasants not only fulfill their economic contracts, but also fulfill the task assigned by

the state. It is obligatory for the peasants to sell grain to the state according to contracts, a commitment to the state which must be carried out. The peasants are also encouraged to make greater contributions to the state by selling as much grain as possible. This has been very clear for a long time. In fact, the broad masses of the peasants understand this point as required. In recent years, there have emerged in various places a large number of peasant households that sold a large amount of grain to the state, displaying the peasants' high level of patriotism and political consciousness. Governments at all levels should praise and give awards to them in time so that the peasants will carry forward their political consciousness.

It should be realized that the broad masses of the peasants cherish profound feelings for the party, the government, and our socialist country. So long as we earnestly carry out the economic policies and conduct thoroughgoing and painstaking ideological work, the task of purchasing contract grain will be accomplished successfully, as will production targets and other tasks, so as to make contributions to the state in many ways.

**Measures To Curb Land Shortages Advocated**

OW0507172489 Beijing XINHUA in English  
0942 GMT 5 Jul 89

[Text] Beijing, July 5 (XINHUA)—A senior official with the State Land Management Bureau called for effective measure to curb land shortages, "CHINA DAILY" reported today.

In 1959, the official is quoted as saying, the area of the cultivated land in China stood at 111.9 million hectares. But over the last three decades it has dwindled at an annual rate of 1.41 million hectares.

Taking into account the area of land reclaimed yearly, this means a drop of 538,269 hectares each year, according to Wang Xianjin, director of the bureau.

Wang analyzes the reasons causing the land shortages. He said excessive emphasis on turning grain-growing land into grazing pastures, orchards and wooded land has played a significant part in the decrease.

The expansion of industry and urban areas, and rapidly developing rural industries have also taken up much land. The land requisitioned by the state totalled 857,762 hectares during the Sixth Five-Year Plan period (1981-1985).

In addition, Wang said, farmers in many places are obsessed with building their own residences. In 1986, new farms houses across the country occupied about 84,700 hectares.

Soil erosion has taken another 133,400 hectares each year, according to Wang.

It is estimated that by the year 2050, another 26,680,000 hectares will have been lost. Reclamation will have cut this potential loss roughly by half, but in the meantime, the Chinese population will have reached 1.8 billion, Wang added. As a result, the average Chinese will have less than one mu (0.0667 hectare).

If each Chinese consumes about 600 kilograms of grain each year, including grain used to produce the meat he or she consumes, the 1.8 billion Chinese would need 1,080 billion kilograms of grain, Wang said.

"It is unrealistic for China, with its vast territory and huge population, to count on grain imports," Wang said, because world grain reserves are also at a dangerously low level.

In view of all this, a series of policies, and steps should be adopted to head off the shrinking of land, Wang suggested.

Restrictions on land requisition should be formulated and implemented in order to curb the expansion of urban areas.

Restrictions should be imposed where railway and highway construction are concerned, which have already taken up 6,670,000 hectares of land.

The 33,350,000 hectares of uncultivated land should be reclaimed, Wang said.

In addition, taxes should be levied on land use.

Much capital and technology should be invested in farming in order to raise the per-unit yield.

"Finally" he went on, "effective measures should be taken to curb population growth".

#### **Grasslands Dwindling at 'Alarming Rate'**

HK0507072489 Beijing CHINA DAILY in English  
5 Jul 89 p 3

[By staff reporter]

[Text] Experts are urging the government to take measures to save the country's vast grasslands which are dwindling at an alarming rate.

More than one million hectares of grasslands are being lost every year, the experts, attending a national conference in Beijing, warn. They say one-third of the grasslands of 30 years ago is now gone.

China has 400 million hectares of grasslands—13 percent of the world's total and nearly as much as in all of Australia.

Because of this, China has a great potential in developing its animal husbandry.

However, an uncontrolled increase in livestock, lack of care for the resources, and the conversion of more and more land to crops are causing the prairies to degenerate.

More than 7 million hectares of grasslands have been given up to crops in grass-rich provinces and autonomous regions.

The Xinjiang Uygur Autonomous Region had planned to open about 700,000 hectares of grassland to crops to the end of 1990, while Inner Mongolia Autonomous Region hoped to do the same with 433,000 hectares, even though the change of use has not paid off in many areas.

About 30 percent of China's natural pastoral land has become sandy or alkaline and another 30 percent is plagued by rats and insect pests, studies have shown.

Experts say effective measures must be taken to stop the ruination of this valuable resource.

This means investing more, improving the responsibility system, increasing pasture land and applying modern technology.

Special grassland protection organizations should be set up at various levels and more highly qualified supervisors be recruited.

Some programmes have been financed from home and abroad to educate local people, especially government employees, in making appropriate use of the grasslands.

China has cultivated more than 6 million hectares of new grasslands in recent years.

Aerial seeding has been carried out over 10 million hectares every year for the past nine years with grass cultivation succeeding in 70 percent of the sown areas.

However, these new grasslands only account for one-ninth of the area lost over the last three decades.



## North Region

### Beijing Pupils' Vacation Activities Planned

OW1107143189 Beijing XINHUA in English  
0624 GMT 11 Jul 89

[Text] Beijing, July 11 (XINHUA)—Summer vacation is to begin Thursday for some 1.3 million pupils in Beijing's middle and primary schools.

Today's "BEIJING DAILY" reported that a series of activities has been planned to educate the youngsters in loving the Communist Party, socialism, the motherland and the People's Liberation Army.

Meanwhile, children's palaces, clubs and reading rooms throughout the city will arrange seminars and training classes in literature, science, sports, fine arts and practical skills.

The paper said that senior middle school students will be organized to study Deng Xiaoping's recent speeches and the Communiqué of the Fourth Plenary session of the 13th Central Committee of the Chinese Communist Party, while other pupils are to attend a flag-hoisting ceremony in Tiananmen Square, and visit scenic and historical sites.

The paper said district and county authorities will ask officers and soldiers to give lectures on the quelling of the recent counter-revolutionary rebellion in the capital. The children will visit martial law troops and families of martyrs. Army medical personnel will give medical check-ups to children, the paper added.

### Inner Mongolia Party Meeting Concludes

SK0907041189 Hohhot Inner Mongolia Regional  
Service in Mandarin 1030 GMT 30 Jun 89

[Text] The regional meeting on exchanging experiences gained by grassroots-level party organizations, outstanding Communist Party members, and workers in charge of party affairs concluded on 30 June.

It was urged at the meeting that party organizations at all levels and the broad mass of Communist Party members should earnestly study the spirit of the 4th Plenary Session of the 13th CPC Central Committee, vigorously fulfill the tasks adopted at the fourth plenary session, and greet the 40th anniversary of the PRC's founding and the convocation of the 5th CPC congress of the autonomous region.

During the meeting, representatives from 17 units and individuals delivered reports to describe the fortress role party organizations have played under the new situation and their vanguard and model role of Communist Party members, and their experience gained in vigorously and successfully conducting party affairs work. During the meeting the participating comrades pledged to modestly study the advanced deeds and precious experience

gained by the grassroots level party organizations and the outstanding party members and workers in charge of party affairs while earnestly studying and mastering the important speech of Comrade Deng Xiaoping and the spirit of the fourth plenary session; to foster good morale in which the campaigns of learning from the advanced, catching up with the advanced, and comparing with the deeds scored by the advanced are launched; and to make new contributions to enhancing party building throughout the region.

During the meeting Zhang Dinghua, deputy secretary of the autonomous regional party committee, delivered a speech on how to enhance party affairs work, in which he stated: The work concerning party affairs is the most important component of the party's work as a whole. The development of the situation in conducting reform and opening to the outside world constitutes the first heavy duty. Various arduous tasks involved in the work concerning party affairs have placed higher and more strict demands on workers in charge of party affairs.

In his speech, Zhang Dinghua urged workers in charge of party affairs throughout the region to enhance the study on the basic theory of Marxism-Leninism-Mao Zedong Thought and on the party's line, principles, and policies. At present a good job should be done in emphatically studying the important speeches of Comrade Deng Xiaoping and the spirit of the 4th Plenary Session of the 13th CPC Central Committee. By carrying out study, they should keep sober-minded in the complicated social situation, clearly discern right from wrong and the direction, and continuously enhance their capability in discerning and combating erroneous tendencies which run counter to Marxism and the four cardinal principles so as to ensure that work concerning party affairs develops along the correct direction of Marxism.

In his speech, Zhang Dinghua stated: Workers in charge of party affairs should concentrate their efforts on justly and forcefully carrying out party work and enhancing party building. In particular, leading comrades in party committees at all levels must be responsible for having the party manage its own affairs and make sufficient efforts to successfully carry out party building. The broad masses of workers in charge of party affairs should further enhance their ties with the vast number of people, show concern for the people's livelihood as well as weal and woe, and support or guide the broad masses of party members and the people by taking the concrete action of enhancing party building and effectively carrying out ideological and political work to tide over the ideological disturbance and to exert active influence.

In his speech Zhang Dinghua stated: Discipline represents the guarantee of implementing the line. Consciously abiding by the party's discipline represents an elementary demand for workers in charge of party affairs. Particularly at present, we should enforce the party's political and organizational discipline without preconditions, act in high unison with the CPC Central

Committee in the fields of ideology and politics, and resolutely safeguard the party's centralized unification, the party's unity, and the leading authorities of the CPC Central Committee and the State Council. In this regard, workers in charge of party affairs must not be even slightly vague, refrain from doing what they think is right, and not disregard organization and discipline.

In his speech Zhang Dinghua pointed out: Workers in charge of party affairs are the more outstanding elements among party members and cadres and have become models for various circles. An important aspect for workers in charge of party affairs to bring their model role into play is to stress and develop the spirit of making contributions, to work selflessly for the public interest, to willingly bear official burdens, to be the first to bear hardship and the last to enjoy comfort, to use their model actions to foster the image of party workers, and to enhance the belief of the mass within or outside the party in the party and its leading organs.

In his speech, Zhang Dinghua urged workers in charge of party affairs on various fronts to further strengthen their sense of mission, responsibility, and glory so as to push forward the region's work concerning party affairs.

#### **Inner Mongolia Holds Publishing Forum**

SK1207063089 Hohhot Inner Mongolia  
Regional Service in Mandarin 1030 GMT 11 Jul 89

[Text] The Propaganda Department of the autonomous regional party committee and the autonomous regional News and Publications Bureau jointly sponsored a forum of chief editors and deputy chief editors from the agencies of a number of literary and art periodicals and comprehensive magazines on 11 July to discuss and study the spirit of the 4th Plenary Session of the 13th CPC Central Committee and the important speeches recently made by Comrade Deng Xiaoping on several occasions and to explore the issue of how to further do a good job in running literary and art periodicals and other magazines in the region.

During the forum, the participating comrades reviewed the region's situation in running periodicals and magazines and contended that in making a success in running periodicals and magazines, it is imperative to uphold the four cardinal principles and Marxism and to realistically combat bourgeois liberalization. They also contended that the important speeches of Comrade Deng Xiaoping are programmatic documents which can direct our work in various fields, have very important and practical significance, and provide clear direction for us to successfully run periodicals and magazines in the future.

In voicing their opinions, the participating comrades stated that periodicals and magazines are an important component of the socialist cultural front and are used to educate people. Therefore, we should use good literary and art works to arouse the masses and to conduct propaganda and education among them. To this end, the

ideology and content of our works must be healthy, and by harboring a high sense of social responsibility and historical mission, we should do a good job in upgrading work quality in this regard, closely follow the central authorities' steps, and adapt ourselves to the new situation after the 4th Plenary Session of the 13th CPC Central Committee. In running our periodicals and magazines, we must uphold the socialist orientation and the correct direction of guiding public opinion and better serve the programs of building the four modernizations, conducting reforms, and opening to the outside world.

Wuyunqimuge, director of the Propaganda Department under the autonomous regional party committee, attended the forum and delivered a speech in which he appraised the work done in the former period by the region's theoretical, literature and art, and comprehensive periodicals; pointed out the existing problems; and put forward concrete opinions for the future work.

In his speech he stated: In conducting our work in the future, we should follow the arrangements made by the central authorities and the autonomous regional party committee; do a good job in studying the spirit of the 4th Plenary Session of the 13th CPC Central Committee; and uphold the lines of taking economic construction as a center, following the four cardinal principles, conducting reforms, and opening to the outside world. In running our periodicals, we should stress our major (?melody) and the socialist spirit at the time. In line with their own guideline and purpose, the publishing offices of various periodicals should conduct self-examinations and resolutely determine the nature of works which have been low in literary and art style, have polluted the people's spirit, and have poisoned social morale. At present, various periodicals and magazines should be examined and approved by the departments concerned.

#### **Shanxi Students Urged To Support Government**

HK1007071189 Taiyuan SHANXI RIBAO  
in Chinese 22 Jun 89 pp 1, 2

[Article by SHANXI RIBAO Editorial Department: "Clearly Recognize the Sinister Motives of a Very Small Number of People in Causing Turmoil in the Provincial Capital"]

[Text] The disturbances which took place in Beijing and other cities from mid-April spread into our province. When the disturbances arose suddenly, some people grew anxious and angry, some were puzzled, while others expressed sympathy and "support." A very small number of reactionary elements who bear inveterate hatred against socialism, and carved nothing short of nationwide chaos, seized the opportunity to stir up trouble and engage in all kinds of criminal activities. With the Beijing event developing into a counterrevolutionary rebellion, the overwhelming majority of the people have achieved a clearer understanding of, and adopted a firmer stand toward the situation, and quite a lot of young students and teachers have gradually recovered

from fanaticism and sobered up. It will not be without advantage for us to look back on the events which took place in our province more than a month ago to further understand the essence and gravity of the recent struggle. 1. Facts have infallibly indicated: In our province, although the overwhelming majority of students shouted slogans such as doing away with "official profiteers" and corruption out of fervent patriotism, at the beginning of the student unrest a very small number of people who were bent on stirring up trouble, were engaged in organized and planned criminal activities with the definite aim of overthrowing the Communist Party's leadership, and negating the socialist system. Let us see through the commotion at that time, which was shrouded in such claims as "being patriotic" and "acting on behalf of the people," to understand how the very small number of people who stirred up trouble took advantage of young students who are politically childish and tend to run to an extreme emotionally to attain their criminal objectives.

The disturbance began in mid-April. A small number of people from some colleges in the provincial capital put up some big-character and small-character posters, stirring up discontent with the party and government among students, and encouraging them to make trouble. Some openly preached: "Kick away the party committee to make revolution;" "initiate another Cultural Revolution." On 21 April some small-character posters appeared in Shanxi Institute of Finance and Economics, reading: "There was a sudden clap of thunder and our hearts remained shocked," calling on students to "Take action, action, and action again!!!" and "Refuse to resign themselves to becoming the 'silent majority'." On the same day someone in Shanxi University wrote: "My declaration—Whither will China go?" Openly agitating for: "Reconstruction rather than reform of China, rebuilding it in a diversified spirit of democracy, freedom, and privatization;" "a comprehensive reform without restricted fields;" "revocation of the four cardinal principles," and claiming that "putting a country belonging to the whole people under a unified leadership is the root cause for the profound and sustained disasters of all countries under communist rule." A big-character poster entitled "The Latest News" in Taiyuan Engineering University drove: "Tens of thousands of people staged a demonstration in Beijing yesterday (19 April)." "The authorities used force, and more than 300 people were arrested. What does the Engineering University think about it?"

When Comrade Hu Yaobang passed away, people across the province mourned with deep grief in various forms. A very small number of people, considering that the golden chance had arrived, ran around on sinister errands, and agitated people everywhere. A rumor to the following effect was spread around the provincial capital in secret: Hu Yaobang was annoyed unto death by Li Peng. This aroused strong feelings among the students against the party and government. On 27 April, a very small number of people, taking advantage of the students

who got excited easily, put up small-character posters in Taiyuan Engineering University, saying: "Shanxi University has decided to go on general class strike on "May 4th", all fraternal universities and colleges will respond enthusiastically. Taiyuan Engineering University will not flinch like a tortoise!"

In May, under the great influence of the Beijing turmoil, and agitated by a very small number of people in our province, a plan for a large-scale demonstration was being energetically carried out.

At 2340 on 3 May, some students from Taiyuan Engineering University went onto the streets. They went successively to Shanxi Mining Institute, Shanxi Medical College, Shanxi Institute of Finance and Economics, and Shanxi University. They smashed the school gates and rushed onto the campuses. They contacted and gathered several hundred students, and took to the streets early on the morning of 4 May. At this time, their slogans were: "Adhere to the four cardinal principles," "Down with official profiteers," "Eradicate corruption," "Long live democracy," and "Dialogue." Manipulated by a very small number of people however, the students later abandoned the slogan "Support the four cardinal principles," and the spearhead of their attack was directed at the party and government. To put the student movement in Shanxi on their planned course, the small number of people who stirred up trouble sent people to Taiyuan from Beijing to act as commanders. Taiyuan also sent a number of liaison men to Beijing. They brought to Taiyuan batches upon batches of leaflets and posted them up everywhere, spreading rumors. The students were so agitated that they "upgraded" their protest step by step. Some college students took turns to stage a demonstration, and continued their sit-in day and night in front of the seat of the provincial party committee and provincial government. On 9 May, one or two people hoisted a piece of faded light yellow cloth with a slogan on it, to the top of the flagpole in front of the provincial government. On 10 May some students, defying advice, once and again broke into the provincial party committee and provincial government offices, and some people threw buns and placards at public security officers on duty. On 16 May, instigated and misled by a very small number of people, students from Shanxi Institute of Finance and Economics went on hunger strike in front of the provincial party committee and provincial government, expressing support for Beijing students on hunger strike, and bringing pressure to bear on the provincial party committee and provincial government. Later, students from Shanxi University, Shanxi Medical College, Shanxi Metallurgical School, Shanxi Finance and Tax Training School, and other colleges and schools joined in the hunger strike. The provincial party committee and provincial government showed loving care for and assumed a responsible attitude toward fasting students, doing everything they could. But the situation kept on worsening. On 17 May, some people at Shanxi University put up a reactionary slogan, clamoring: "It is high time for the people to wipe out communist bandits!"



Some hostile elements also joined in and pasted up reactionary slogans such as: "Down with the Communist Party," "There will be no new China without the Kuomintang." A very small number of reactionary elements who conceived inveterate hatred for the party and the people directed their attack at Comrade Deng Xiaoping. On 20 May when the demonstration reached its climax, a very small number of people, taking the advantage of the occasion, brazenly vilified, smeared, railed at, and attacked leaders of the party and state, and the leadership of the communist party. They openly shouted: "Down with dictatorship," "Wipe out communist bandits," and other slogans. On 21 May, one or two persons from Shanxi University gave out handbills, spreading rumors as "Express news:" "The government cuts off the water supply for Tiananmen Square," "Shanghai declares independence," and "Workers at the Capital Iron and Steel Works go on strike." They even cooked up stories about old comrades including Deng Yingchao, Nie Rongzhen, and Xu Xiangqian, creating a sensation as if they were telling the truth. Some people went all over to spread lies fabricated by the "Voice of America." On 23 May there appeared leaflets at some colleges reporting that a student had died in Beijing for his country. Some report even described in detail: The dead student was called Zhang Kai; a native of Jinxi, Taiyuan, and a freshman of Qinghua University, he died after he joined the hunger strike in Tiananmen Square; the day he died coincided with his 18th birthday; and so on. But later, a rumor went forth that 7, then over 10, Beijing students had died. Some college students carried wreaths and held a memorial meeting in Taiyuan's May 1st Square. When the rumors turned out to be false, quite a lot of students, knowing they had been taken in, angrily questioned the organizers of the memorial meeting as to why they started rumors. The latter answered: "In waging political struggles, you should start rumors when necessary."

Some college students, instigated by a very small number of people, disregarded advice from departments concerned, and held back trains seven times in order to go to Beijing; causing railway traffic to be suspended for a long time and greatly affecting the normal traffic order. Some students went to Taiyuan Iron and Steel Works, Taiyuan Heavy-Duty Machine Building Factory, and Xishan Mining Bureau to make speeches, encouraging the workers to go on strike or stage a demonstration, which was resolutely opposed by the workers. More seriously, a teacher from a certain school openly encouraged people to sabotage traffic and power transmission networks in northern China so that Shanxi, north China, Beijing, Tianjin, and Tangshan would be at a standstill, forcing "the Li Peng administration to step down."

During this period some lawless persons came out into the open to carry out beating, smashing, looting, and burning, being swollen with arrogance. On 17, 18, and 19 May, some lawless elements lurked among the masses of on-lookers and stirred up trouble. They even brutally

attacked other people, injuring 98 public security officers and armed police with 8 of them seriously hurt. They smashed 62 automobiles, and broke the windows of some shops and residential premises. Some scoundrels insulted women in broad daylight. Some dregs of society appeared on the streets and lanes, and held up pedestrians. There was a contingent of marchers comprising of rogues. They, a feather duster [as published] in hand, shouted violently and created trouble. People referred to them as a "feather duster team." The public security department and Armed Police cracked down on them in time to hold the turmoil in check.

After the counterrevolutionary rebellion in Beijing was put down, a very small number of people once again fabricated and spread all kinds of sensational rumors: The troops drenched protesters in a bloodbath in Tiananmen Square; the troops mounted their machine guns on the white marble railing of the Monument to the People's Heroes and opened fire on the crowds; tanks ran over students; and so on. When their lies were exposed, they, staking everything on a single throw, spread rumors again: "Shanxi University will be put under military control immediately." They encouraged students to leave schools for home, and prevented the broad masses of college students from resuming classes. Are not these series of facts enough to show the true features of the small number of people who created disturbances?

II. The disturbances which spread into our province gave us profound lessons and enlightenment. Just as Comrade Deng Xiaoping pointed out, the counterrevolutionary rebellion which took place in Beijing is not accidental. It is an adverse political current determined by the major international climate and China's existing ideological trend. It was bound to happen sooner or later, independent of man's will.

Some comrades, some students in particular however, do not have a clear understanding of the nature of the disturbances instigated and engineered by a small number of people. They still have muddled ideas.

Some students said: "Our action is patriotic by nature." When the student movement began, the overwhelming majority of students thought they joined in the demonstration out of patriotism, but it should be realized that a very small number of people with ulterior motives did not love the country. They only took advantage of the students' ardent patriotism to subvert our socialist republic. Take for example the so-called "noble-minded patriot" Fang Lizhi. It is the United States that he loves instead of China. Before the student unrest, the so-called "Declaration Appealing to Mainland China To Carry Out Democratic Reform," which Fang Lizhi signed, clamored: "China belongs to the people of the whole country rather than to a party or a faction," demanding "immediate release of all political prisoners (namely, reactionary criminals), and revocation of the article on 'reactionary crimes' in the criminal law;" "organizations of the ruling party at all levels are not allowed to issue

orders to government organs;" and so on. This is enough to show his sinister motive for opposing the party and socialism. It is a pity that many students did not know Fang Lizhi for what he is from the beginning and were fooled by him. This really is a tragedy. Again, as the turmoil intensified, the students' patriotism changed into the opposite. Please recollect how much sincere advice the party and government gave students at that time, but they turned a deaf ear to it.

On the contrary, they accepted as true the rumors spread by the "Voice of America." What is more, they not only had faith in them, but helped to spread them, and followed the movement of the baton wielded by the "Voice of America." "Bloodbath in Tiananmen Square" was obviously a rumor fabricated by the "Voice of America," but the students believed it. Is this abnormal psychology patriotic? If we follow this logic, those who cherish love for China will be the "Voice of America" rather than the Chinese Communist Party and the people's government. Does this not mock the students' "patriotism?"

Some students said: "We are striving for nothing but democracy and freedom." Democracy and freedom in no way mean doing whatever you like, nor anarchism. This used to be common sense. May those students who lose their reason think for a moment: Is not your struggle for "democracy and freedom" actually an anarchic farce? Can we not dimly see the shadow of the "red guards", who made their appearance during the "Cultural Revolution," in the farce? Some people said that there is no democracy in China; people only enjoy the highest level of democracy and freedom in the United States. I would like to ask: Does the U.S. Government allow ruffians to build up forces and make trouble in their capital, or allow them to force their way into the White House? Does it allow evildoers to kill their soldiers? The boot was on the other foot: When the people and students held mass rallies and staged demonstrations in opposition to the Vietnam War, did the authorities not send a great number of troops and police to crack down on the demonstrators, and arrest over 10,000 people at one stroke? In fact the so-called "democracy" and "freedom" the students called for were only a means by which a small number of people tried to create disturbances. Is that not true? Some students who refused to take part in the demonstrations were labelled as "student renegades" or "traitors." Some students wanted to resume classes, but some people stood in the way. They locked up the classrooms or even kicked up a row and shouted abuse, some of which were so dirty that they were intolerable to the ear. Some students who were opposed to the hunger strike and did not believe rumors came under fire from all sides. Has this anything in common with "democracy" and "freedom?" Is this not imperious and despotic behavior?

Students appealed for the punishment of official profiteers and end to corruption. But could demonstrations offer a solution to such problems? In fact our party had

set forth long ago the task of eliminating "official profiteers" and corruption. The provincial party committee and provincial government took resolute measures to weed out corruption and to maintain the integrity of party and government departments when the situation was grim, and they were beset with difficulties. They successively held a provincial working conference of chief procurators, a provincial working conference of chiefs of industrial and commercial bureaus, and a provincial working conference of members of the discipline inspection commission who are responsible for supervision. Secretary of the Shanxi Provincial CPC Committee Li Ligong, Governor of Shanxi Provincial People's Government Wang Senhao, Deputy Secretary of the Shanxi Provincial CPC Committee Wang Maolin, Vice Governor in charge of day-to-day business Bai Qingcai, Shanxi Provincial CPC Committee Standing Committee member and Secretary of the Discipline Inspection Committee Feng Zhimao, and other leading members personally listened to the reports on economic cases. As a matter of fact, our province has scored some achievements in clearing away "official profiteers" and corruption since the beginning of this year. For instance: Supervisory committees at all levels province-wide received a great deal of information from the masses reporting a total of 3,211 cases of bribe-taking and graft from January to May this year; 313 cases have been investigated and dealt with (of which 57 were major cases); 170 cases have been wound up; 25 persons have been transferred to judicial organs for investigation and affixing responsibility for their crimes; disciplinary or political measures have been taken or may be taken on the suggestion of officers concerned against 117 persons, of which 8 were cadres at the county level; and 47,83 million yuan have been recovered. But the situation could not be changed by the good wishes of the people. Provoked by a small number of people, the slogans the marchers shouted were "get out dictators," "put an end to autocracy," and so on, rather than "down with official profiteers" and "wipe out corruption" as shouted earlier. Does this not call for deep thought?

Regarding dialogue: On 4 May, students on the march demanded a dialogue with the provincial government. The government immediately met their demand and sent its Secretary-General Li Zhenhua and other leading comrades to conduct a candid dialogue with student representatives from some colleges on 8 May. On 15 May, Governor Wang Senhao, Deputy Secretary of the provincial party committee Wang Maolin, Vice Governor Bai Qingcai, the provincial party committee Standing Committee member and head of the Propaganda Department under the provincial party committee Zhang Weiqing, and Vice Governor Wu Dacai held a forum with student representatives from 19 colleges and universities. Provincial party committee Secretary Li Ligong went to schools and held face-to-face talks with students. Some "dialogues" achieved comparatively good results, but the students were not satisfied with some "dialogues." The provincial party committee and provincial government promised to hold more talks. It

was at this time, that a very small number of people instigated the masses by saying that the provincial government "lacks sincerity," "all dialogues are insincere." During dialogues, students raised a lot of questions including, for example, the problem relating to the provincial party committee's office building, the rumor about the compound of the provincial party committee suffering losses by theft, the problems related to the "leading role" in building Shanxi's coal mine and power plant, and education. The leading members from the provincial party committee and provincial government replied to these questions one by one. They also made sincere self-criticism on the matter with respect to the provincial party committee's office building. As the conversation continued, however, something strange and unexpected happened: Some people incited students, saying that some student representatives are "official representatives." Some elected student representatives also became "student renegades." They vetoed all these dialogues and declared them null and void. They labelled as "lies" the government's replies to some questions though the replies were true. They tried by every means to disturb the dialogue. Even then the provincial party committee General Office and the provincial government General Office still made public several channels by which the masses could directly contact the party committee and the government so that the authorities could listen to opinions, criticism, suggestions, and information on crimes from the masses including young students, and provide effective supervision. Can this attitude of the authorities' toward students be regarded as being lacking in sincerity, as claimed by some people? In fact, dialogue, be it sincere or not, was the last thing the small number of people who stirred up trouble wanted. The so-called "dialogue" was only a means by which they fooled people of goodwill and resorted to schemes.

In the course of events, the provincial party committee and provincial government showed great loving care for the broad masses of students, and their attitude was sincere. For example: When students, defying persuasion, went on to the streets and demonstrated, a vast number of public security officers and Armed Police stood guard round the clock to maintain social order and to protect students' personal safety. With the scorching sun overhead, they were too busy to have meals and drink water sometimes, and even students themselves were deeply moved by this. When some students went on hunger strike, leading members from the provincial party committee and provincial government went to the scene to patiently persuade them to take good care of their health, suspend the hunger strike, and go back to the campuses as soon as possible. The provincial government sent over 10 ambulances successively, and scores of medical workers headed by responsible persons from the Red Cross, to take care of the hunger-striking students night and day. The authorities also told major hospitals in Taiyuan to vacate beds and make sure that those students who fainted and fell ill from hunger strike would be given first aid and treated in time. At the same

time the government provided all kinds of medicines and articles, and delivered water, reducing as much as possible, the fasting students' sufferings and guaranteeing their safety. The provincial party committee and provincial government consistently exercised patience and restraint in handling students' extreme words and deeds. The authorities' patience and restraint, however, failed to change the situation. A small number of people with ulterior motives had an axe to grind. They tried to whip up greater troubles by inciting students, who were unaware of the truth, to go to factories to deliver speeches to workers, encouraging the latter to go on strike.

They upgraded their political challenge step by step, and shouted more and more reactionary slogans. Only because the provincial and urban leadership took resolute measures, and because the factory leadership and the broad masses of the workers stood fast at their posts, persisted in production, organized protection teams to protect the factories, and combated disturbances, the small number of people failed to succeed in their schemes.

Facts show the student movement in our province would never have developed according to man's subjective goodwill. Even the broad masses of students themselves did not expect the movement would get out of control. Recently many college students underwent a painful process of reflecting. They deeply realized they had been fooled. Many students removed scales from their eyes and were determined to keep in step with the party Central Committee politically, do whatever they could to help check disturbances, and resolutely support the Beijing authorities in their effort to quell the counterrevolutionary rebellion.

III. It is difficult for the time being to assess the losses caused to the country by the turmoil in Beijing, which spread into many cities in our province, and which developed into a counterrevolutionary rebellion. It violated the Constitution, and seriously infringed upon the immediate and basic interests of the whole people. In common people's words: "The trouble makers tried to break the Chinese people's rice bowls." Therefore it was the major policy decision of the party and the government to resolutely check the disturbances and snuff out the counterrevolutionary rebellion. It also conformed to the common wishes of the whole people. Recently some people who harbor malicious intentions spread rumors again, saying that the Communist Party would "settle accounts with students after the autumn harvest [i.e. after the turmoil is over]" or that "if the accounts are not squared after the autumn harvest, they will in the winter," preventing students having faith in the policies of the party and the government.

The party and government have indicated on many occasions: It is imperative to strictly distinguish between the two different types of contradictions. The authorities will not "recriminate" the overwhelming majority of



students who were involved in the disturbances out of political enthusiasm and goodwill. It is known to all that not a student has been arrested or dealt with in Beijing, Shanxi, or other places throughout the country for taking part in the demonstrations. It is necessary to have faith in the policies of the party and government. We must not let ourselves be duped again by evil people.

Naturally we must settle accounts with a very small number of people, including those criminals who seized the opportunity to carry out beating, smashing, looting, and burning; chiefs of illegal organizations who instigated and organized the disturbances and refused to apologize for their faults; those evil people who engineered, instigated, and organized the disturbances behind the scenes; and the bad elements who fabricated rumors, fooled the masses, engaged in sabotage, and stirred up troubles. An ion of leniency toward them means committing a crime against the interests of the people.

At present, as we have scored an initial victory in quelling the counterrevolutionary rebellion in Beijing, the situation is tending to stabilize. But we should realize that plotters and organizers of the disturbances are a band of reactionary elements who harbor inveterate hatred against the Communist Party and socialist system. Their backers are those personnel who failed to reform themselves through labor or were released from the labor camp; remnants of the "gang of four," and band elements who are hostile to socialism and the Communist Party. They are social dregs. They will not resign themselves to defeat and will put up a last-ditch struggle. We must be aware that the international "major climate" and the internal "minor climate" concurred to bring about the disturbances. It was an act of the struggle between those who adhered to the four cardinal principles and those who engaged in bourgeois liberalization in a big way, and that between socialism and capitalism. This is a complicated struggle and will go on for a long time. Any carelessness will cause undue setbacks and losses to our cause.

We would like to once again offer a piece of advice to the broad masses of students with goodwill: Your ardent patriotism has been made use of by a very small number of people with ulterior motives. Their sinister purpose is to negate the leadership of the Chinese Communist Party and our socialist system and overthrow the People's Republic. This is very clear to all now. It is high time for you to make a clear break with them and refuse to do anything which saddens your own people and gladdens your enemy. It is necessary for you to restore normal school life, study hard, make up for the losses, work hard to master culture and scientific knowledge needed to serve the country, draw profound lessons from the disturbances, study hard Marxism and Leninism and the party's policies, heighten political awareness so as to become qualified patriotic youth.

**Commentator Urges Maintaining Stability in Tianjin**  
*SK1107015689 Tianjin TIANJIN RIBAO*  
*in Chinese 6 Jun 89 p 1*

[Special commentator's article: "The Common Aspirations of the People Throughout the Municipality"]

[Text] During recent days the people throughout the municipality all have been concerned over developments concerning the suppression of the Beijing counterrevolutionary rebellion by the martial law enforcement troops. At the same time, the people are seriously suspicious whether or not Tianjin Municipality will be able to prevent similar disturbances from occurring. Such suspicions make the people burn with anxiety.

At present, the social situation of the municipality is basically stable, and the people's living order is basically normal. There are two possibilities for the future development of the current situation.

The first possibility, a positive one, is that Tianjin will be able to maintain stability and prevent disturbances. Tianjin has ample conditions for realizing this, because it conforms to the fundamental interests and the common aspirations of the people throughout the municipality. The broad masses of workers, peasants, and intellectuals understand and give consideration to the whole situation, and support the work of the party and the government. Party organizations at all levels in the municipality are strong and combat-worthy; the broad masses of party members are able to stand the test and step forward bravely at the critical moment; leaders and key members of institutions of higher learning are positive and hardworking; and the overwhelming majority of young students are loyal to the motherland and are relatively reasonable. Meanwhile, the vast number of cadres and policemen of public security organs as well as commanders and fighters of the Armed Police Force are combat-worthy, discipline-abiding, and devoted to their duties. They possess ample experience to cope with evildoers, and thus are completely able to protect the broad masses of people.

The second possibility is the occurrence of disturbances and confusion which are detested by all the people. Various tendencies show that a handful of persons are really trying to deliberately disturb the stability of Tianjin. They have created various kinds of rumors to poison and confuse the people's minds and disturb social security. They have attempted in vain to set up street barricades, and have blocked vehicles to disturb public traffic and order. An extremely small number of persons have even threatened to storm power plants and to pull switches to cut power, water, and gas supplies throughout the municipality in order to destroy the normal livelihood of the people. In addition, some persons who failed to mend their ways after being released upon completion of their sentences as well as other criminal

offenders have attempted in vain to fish in troubled waters and make trouble again. To counter this, we cannot but heighten our vigilance.

Without the slightest doubt, all good and honest people hope to realize the first possibility, and to prevent the second one. The reason is that the second possibility will bring no advantages to anyone, but will lead to a period of calamity. It is conceivable that the emergence of disturbances will prevent plants from operating, shops from doing business, students from attending classes, and traffic means from providing services. Meanwhile, the emergence of disturbances will cause the failure of coal, gas, water, and power supplies, and will cut supplies of grain, vegetables, and other daily necessities. Worse still, personal security will not be ensured amid disturbances. Then, what a mess would it become? Under such a mess, it would really be impossible for us to smoothly realize the demands of improving the economic environment, rectifying the economic order, stabilizing commodity prices, opposing corruption, and promoting democracy; and it would be hopeless to improve the people's living standards. Such a mess will be harmful to workers, peasants, intellectuals, and even young students. In a word, it will eventually be harmful to all people.

Realizing the first possibility and preventing the second one conforms to the common interest of all people and requires the concerted efforts of all people. All people with reasonable knowledge, all people who want to lead a safe life, and all people without ulterior motives can reach a common understanding of and make contributions to maintaining the stability of Tianjin and preventing disturbances, no matter how far their viewpoints differ. Those persons who stick to their personal opinions and moods at the expense of the interests and aspirations of the broad masses will be condemned by history and the people. We hope that the vast number of workers and staff members will stand fast at their posts and do a good job to ensure supplies; that party and state functionaries will conscientiously perform their official duties to ensure the normal operation of all official affairs; that all young students will keep calm and reasonable, refuse to hear and believe rumors, guard against instigation by others, and guard against meaningless sacrifices; and that the broad masses of citizens will enhance their understanding, distinguish right from wrong, and keep away all activities which jeopardize social stability. So long as the people throughout the municipality have a clear understanding of the current situation and closely unite with one another, the handful of persons with ulterior motives will be isolated, and their schemes will be hard to be realized. So long as we all base ourselves on the general situation and all our speech and deeds are conducive to stability, we will certainly be able to maintain and carry forward the political stability and unity of our municipality.

**Li Ruihuan at Tianjin Foreign Trade Meeting**  
*SK0907035389 Tianjin TIANJIN RIBAO*  
*in Chinese 31 May 89 p 1*

[Excerpt] The municipal government held a foreign export trade conference on 30 May. Municipal Mayor Li Ruihuan gave an important speech at the conference. Municipal Vice Mayor Nie Bichu delivered a report entitled "Take Immediate Action, Arouse Spirits, and Strive to Fulfill This Year's Foreign Export Trade."

Attending the conference were Li Ruihuan, mayor; Nie Bichu, Zhang Lichang, Li Changxing, Li Huifen and Zhang Zhaoruo, vice mayors; and Han Enjia, adviser of the municipal government.

Municipal Mayor Li Ruihuan said in his speech: Our foreign export trade is currently faced with a rather grim situation, and a decline appeared in the first quarter of this year. The reasons for this are numerous. In addition to economic retrenchment, a lack of funds and rising costs, which are the major ones, there has been the influence of student unrest. Our general principle of opening to the outside world will remain unchanged. However, we should expect that the current domestic situation will bring about certain difficulties to foreign economic relations and trade. Under such circumstances, subjective efforts become even more important. We achieved fairly good results in foreign export trade last year. It is hoped that everyone will summarize experiences, conscientiously solve the current problems, and make the best use of the next few months to push our work forward. Tianjin's contingent of foreign trade workers is good and reliable, and our production departments are also good. Through technical transformation, our products have been upgraded and the industrial, agricultural, foreign trade and other departments of our municipality have also trained a group of foreign trade personnel competent in management over the past few years. With this as a foundation, if the aforementioned departments exert concerted efforts, it is possible that we can achieve good results in foreign export trade this year.

Speaking on the current situation, he said: People have a different understanding of the current student unrest, and it takes time to achieve a common understanding. The important thing is that we should give heed to the opinions of the masses, summarize experiences, and correct with firm determination the mistakes arising in our work over the past few years. We should deal blows to unhealthy trends and eliminate the things about which people have complaints with the indignation displayed by the masses. Standing on the forefront of the work of opening to the outside world, comrades on the foreign trade front should all the more exert efforts in this regard.

Comrade Nie Bichu analyzed the reasons for this year's decline in foreign export trade in his report. He said: Since the beginning of 1989, a rather great decline has appeared in our municipality's foreign export trade. This

poses a threat to our fulfillment of this year's export plan. The situation is grim and worries people. We may say that Tianjin's foreign export trade has encountered a challenge most severe in several years. The reasons for this are numerous. Objectively speaking, due to an increase in the price of imported goods, and the state's tightening of the money market because of a serious shortage of funds, exports were affected and the purchases of export goods declined. Subjectively speaking, thinking that the decline had become inevitable, we failed to pay adequate attention to it and to adopt effective measures to cope with the current difficulty. This is also an important reason for the decline.

Comrade Nie Bichu pointed out: Foreign export trade is an important issue concerning Tianjin's economic construction, the people's lives, and its efforts to stabilize the situation, and also an important force leading the continuous development of the municipality's industrial and agricultural production, science and technology, and management level. All departments throughout the municipality should exert concerted efforts to support foreign export trade and change the unfavorable situation of decline. [passage omitted]

#### **Tianjin Arrests Rioters, Criminal Elements**

SK1207081789 *Tianjin TIANJIN RIBAO in Chinese*  
13 Jun 89 p 1

[Text] On the evening of 11 June, the headquarters of the protect-the-people and protect-Tianjin teams of the municipality and the municipal Public Security Bureau jointly organized a unified action to ferret out and arrest criminal elements who had participated in the rebellion and turmoils. Nineteen ringleaders of illegal organizations, rioters, and other criminals who had plotted, incited, and participated in the rebellion and turmoils, and who had fled from Beijing and other localities to our municipality were arrested. Some tools and weapons, reactionary leaflets, and other evidence of crimes were seized.

After the martial law troops successfully suppressed the Beijing counterrevolutionary rebellion, some counterrevolutionary elements who had plotted, incited, and participated in the rebellion and turmoil, sensing that their day had ended, fled from Beijing in panic. Some of them fled to our municipality to hide or to use Tianjin as a stepping-stone for them to flee to other localities to continue their counterrevolutionary sabotage activities. To lose no time in arresting and dealing blows to these criminal elements, 8,000 members of the protect-the-people and protect-Tianjin teams, and nearly 8,000 public security cadres and policemen, as well as commanders and fighters of Armed Police Forces organized a close-knit network to compress from all sides in the rural and urban areas and strictly searched some inns, stations, and wharfs where the elements who had participated in the rebellion and turmoils, and other criminal

elements might hide. During the action, these two contingents coordinated with each other and fought shoulder to shoulder, fully displaying the strong power of the people's democratic dictatorship. Personnel participating in the action strictly enforced discipline, performed their duties with civility, and worked according to law, thus winning the support and assistance of the masses.

During the action carried out on 11 June, some rioters and elements creating turmoil fell into the net of justice before they got a firm foothold. A ringleader of the "Self-Governing Union of Beijing College Students" who had participated in the rebellion fled to our municipality on 11 June, and plotted together with key elements of illegal organizations a counterrevolutionary action plan for launching a "25,000-li long march," and then "sweep across the country." He was caught immediately. Luan Zhetang, a worker of the Jining Textile Machinery Plant in Shandong, participated in Beijing's counterrevolutionary rebellion on 4 June. He frenziedly smashed and burned military vehicles, violently pounded with empty bottles the corpses of the Liberation Army soldiers who were killed, and took advantage of the disturbance to steal money. When he fled to our municipality, he was caught even before he left the Tianjin Station. Among the criminals who were caught were jobless youth Zhou Liwei who served as a bodyguard when ringleaders of the "Self-Governing Union of Beijing College Students" went to Hangzhou to incite and create turmoil; and jobless Li Yongsheng, member of a picketing group who illegally organized the "Tianjin residents' petitioning team," and who was engaged in rumormongering and instigation at Nanyuan Airport during the Beijing rebellion. Another criminal who had participated in the dare-to-die corps and intercepted military vehicles during the Beijing rebellion, awed by the power of the people's democratic dictatorship, gave himself up to public security organs during the search.

#### **More Rioters Arrested**

SK1207094589 *Tianjin TIANJIN RIBAO*  
in Chinese 17 Jun 89 p 1

[Text] On 15 June, the Tianjin Municipal Public Security Bureau handed over 46 disturbers and rioters who were arrested recently in Tianjin to the Beijing Municipal Public Security Bureau. That very morning, the Beijing Municipal Public Security Bureau escorted all these criminals back to Beijing. Thus far, the Tianjin Municipal Public Security Bureau has arrested a total of 67 counterrevolutionary rioters and disturbers who fled to Tianjin from Beijing and other places.

After the quelling of the Beijing counterrevolutionary rebellion, some rioters and disturbers fled in disorder towards Tianjin one after another. To arrest and strike in a timely manner the handful of persons who had created and participated in disturbances and rebellion, the public security organs in Tianjin Municipality have, in coordination with other security teams, rapidly arrested these persons by blocking checkpoints, making checkups



throughout the municipality, and setting up centers for information. These criminals included principal criminals on the wanted list of the Beijing Municipal public security organs and key members who directly participated in the Beijing counterrevolutionary rebellion and cruelly injured or killed fighters of the People's Liberation Army [PLA].

Li Hui, general commander of the west line of Tiananmen Square under the Beijing Self-Governing Union of College Students, participated in such rebellious activities as besieging the Beijing Municipal Public Security Bureau and blocking military vehicles. After the quelling of the Beijing counterrevolutionary rebellion, appointed by the "Beijing Self-Governing Union of College Students" and acting as the leader of this organization, Li Hui organized a so-called propaganda team and prepared for advancing south to Jinan and Wuhan to stage counterrevolutionary instigation. On 6 June, Li Hui and seven other persons snuck into Tianjin and concocted and distributed counterrevolutionary leaflets concerning the so-called "true situation of the 4 June massacre." When preparing to go south by train, this group of rioters were seized by the Tianjin Municipal Public Security Bureau.

Cao Zihui, a rioter, worker of the Beijing Motor Vehicle and Motorcycle Plant, and a member of the "Northeast Tiger Dare-to-Die" team participating in the Beijing counterrevolutionary rebellion, not only participated in the rebellion activities of besieging the Beijing Municipal Public Security Bureau and blocking military vehicles at Liubukou, but also illegally seized two PLA fighters and brought them to Tiananmen Square for publicity. Cao Zihui snuck into Tianjin on 6 June and was seized on 7 June.

Responsible comrades of the Beijing Municipal Public Security Bureau who arrived in Tianjin to escort these criminals expressed heartfelt gratitude to Tianjin's people, public security organs, and the team of safeguarding the people and Tianjin for their support and coordination while seizing these rioters and disturbers.

### Northeast Region

#### Reports on Heilongjiang's Sun Weiben's Activities

##### Speaks at Commendation Rally

SK0407035389 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 30 Jun 89

[Recorded report on the provincial rally for naming and commending advanced party organizations and excellent workers engaging in party affairs held by the Heilongjiang Provincial CPC Committee on 30 June]

[Text] The advanced party organizations and excellent party affairs workers emerging in the province's reform and construction spheres gathered at the Harbin (Heping) Meeting Hall on 30 June to accept the citations and commendation by the provincial party committee.

The provincial party committee's rally for naming and commending advanced party organizations and excellent party affairs workers is presided over by Wang Haiyan, deputy secretary of the provincial party committee. Ma Guoliang, Standing Committee member and secretary general of the provincial party committee, will read the Heilongjiang Provincial CPC Committee's decision on naming and commending advanced party organizations and excellent party affairs workers.

Amidst a lively sounds of music, leading comrades of the provincial party committee, the provincial People's Congress Standing Committee, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], and the provincial Discipline Inspection Commission, including Sun Weiben, Shao Qihui, Wang Zhao, Zhou Wenhua, Wang Haiyan, Chen Yunlin, Qi Guiyuan, Ma Guoliang, Xie Yong, and He Shoulun; as well as Chen Lei, member of the Central Advisory Commission; and Zhao Dezun and Chen Jianfei, retired veteran comrades, issue citations and certificates of merit to representatives of the 59 advanced party organizations and 107 excellent party affairs workers cited and commended by the provincial party committee.

At this naming and commendation rally, Sun Weiben, secretary of the provincial party committee, made a speech. He said: [Sun's own voice] Fellow comrades, on the eve of the 68th birthday of the CPC, the provincial party committee hereby holds a rally to name and commend advanced party organizations and excellent party affairs workers emerging in the socialist modernization drive and the great undertakings of reform and opening-up on all fronts of the province. Here, on behalf of the Heilongjiang Provincial CPC Committee, I extend my heartfelt congratulations to those party organizations and comrades that are commended at this rally [applause] and extend cordial greetings to party affairs workers and Communist Party members who are working for all professions and trades on all fronts in the province [applause].

At present, the most important task facing party organizations at all levels and all Communist Party members in the province is to conscientiously implement the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, firmly follow the basic line defined by the 13th party congress, and continue to make unremitting efforts to further stabilize the political situation and further develop construction throughout the province.

First, party organizations at all levels and all Communist Party members in the province should conscientiously study the documents of the 4th Plenary Session of the 13th CPC Central Committee, should unite the ideology of the whole party with the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, and should maintain a high degree of unanimity with the party Central Committee in ideology and politics. Party organizations at all levels and all party-member cadres must

take the lead in studying the documents of the 4th Plenary Session of the 13th CPC Central Committee and the [words indistinct] important speech of Comrade Deng Xiaoping; must profoundly comprehend the [words indistinct]; must clear up confused ideas, doubts and misgivings in close combination with the reality of ideology; and must actually distinguish right from wrong so as to actually unify their ideology with the guidelines of the 4th Plenary Session of the 13th CPC Central Committee.

Second, party organizations at all levels and all Communist Party members should actually, firmly, and unswervingly implement the basic line of the party during the initial stage of socialism; should adhere to the foundation for building the country; and should successfully follow the road of making our country strong. Party organizations at all levels and the broad masses of Communist Party members in the province must keep sober-minded, and simultaneously adhere to the two basic points. On the one hand, they should boldly adhere to reform and opening-up and take the lead in carrying out reform and opening-up and in vigorously developing the socialist commodity economy. On the other hand, they should firmly and unswervingly adhere to the four cardinal principles. In carrying out reform and opening and in developing commodity economy, they should adhere to party leadership, the socialist road, the people's democratic supervision and dictatorship, and Marxism-Leninism-Mao Zedong Thought.

Third, party organizations at all levels and all Communist Party members in the province should vigorously strengthen party building and step up the cohesiveness and attraction of the party. Party organizations at all levels should unfailingly grasp reeducation on Marxism-Leninism-Mao Zedong Thought, and should unify the ideology and understanding of the whole party with [words indistinct]. At the same time, they should conduct re-education among all Communist Party members on communist ideals, on strictly abiding by the party's constitution and rules, and on carry forward the fine tradition of arduous struggle. Party members should [words indistinct], pursue ideals, and abide by discipline; should not be misled by such shallow, vulgar, and corrosive ideas as doing everything for money's sake and unduly concentrating on high efficiency; and should strive to become qualified party members.

Fellow comrades, our country's socialist construction undertakings are now at an important historical moment. Party organizations at all levels and all party affairs workers in the province should stand the tests of history, firmly implement the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, conscientiously adhere to the four cardinal principles and the policy of reform and opening-up, and unite and lead the vast number of party members as well as the people throughout the province to make new and still greater

contributions to promoting the province's construction and reform undertakings under the correct leadership of the party Central Committee. [applause]

#### **Attends Science-Technology Symposium**

*SK0507064089 Harbin Heilongjiang Provincial  
Service in Mandarin 2100 GMT 2 Jul 89*

[Text] In his speech at the provincial symposium on relying on science and technology to rejuvenate Heilongjiang, which ended on 2 July, provincial Governor Shao Qihui called on provincial-level departments and bureaus, prefectures, cities, and counties to work out programs for relying on science and technology to rejuvenate the province, and to place the work of relying on science and technology to rejuvenate the province on the work agenda of the economic construction front and leaders.

The symposium set forth a tentative plan for enforcing the program for relying on science and technology to rejuvenate the province.

The symposium maintained: Facing the problems cropping up in the course of improving the economic environment and rectifying the economic order, at present we are impelled to develop economic construction along the road of relying on science and technology to expand production, and the leading cadres at various levels should further deepen their ideological understanding. Under such circumstances, comprehensively working out and enforcing the program for relying on science and technology to rejuvenate the province is of extremely (? practical importance).

The symposium stressed: Based on the fact that the province's economic development is in the phase of overall industrialization, we should rely on science and technology to develop the productive forces so as to make the economy prosperous, science and education flourish, the people's livelihood improved, and to promote social progress.

The symposium noted: In working out the program for relying on science and technology to rejuvenate the province, we should take into consideration the Eighth 5-Year Plan, the readjustment of the industrial structure, and the study of industrial policies. We should face reality, work in a down-to-earth manner, take the current economic environment into full consideration, [words indistinct], and avoid the pattern of idealism.

Governor Shao Qihui said: The requirement for relying on science and technology set forth by the provincial party committee and the provincial government is by no means a (?slogan) of [words indistinct]. The situation asks us to rely on scientific and technological progress to promote the development of productive forces. We should place the work of relying on science and technology to rejuvenate the province onto the formal work agenda, [words indistinct], and really carry out the work.

Sun Weiben, secretary of the provincial party committee, attended the symposium.

He said: The work of relying on science and technology to rejuvenate the province constitutes the principal work of the provincial party committee and the provincial government for next year. We should proceed from reality and take [words indistinct] into full consideration.

#### **Attends Children Celebration**

SK0807005389 Harbin HEILONGJIANG RIBAO  
in Chinese 1 Jun 89 p 1

[Excerpts] On the morning of 31 May, the theater of the provincial exhibition hall was filled with crescendos of music and was decorated with bouquets of flowers. Dressed with their holiday best, more than 2,000 children of Harbin happily gathered here to celebrate their own festival. [passage omitted]

Attending the occasion to extend congratulations to children were comrades Sun Weiben, Shao Qihui, Wang Zhao, Wang Luming, Wang Haiyan, Qi Guiyuan, Xie Yong, He Shoulun, Huang Feng, Chen Lei, Li Jianbai, Zhao Dezun, and Chen Jianfei.

Wang Haiyan made a speech on behalf of the provincial party committee and the provincial government. He expressed the hope that the children will live up to the expectations of the party, the government, and the whole society; will foster lofty aspirations and the spirit of being ready to dedicate themselves to the interest of the people, by regarding themselves as young masters of the county. Wang Haiyan also expressed the hope that the children will love the motherland, the people, hard work, science, and public property; will study assiduously; and will strive to build up their physical strength. [passage omitted]

#### **Heilongjiang Lawyers Forum Supports Decisions**

SK1007014089 Harbin Heilongjiang Provincial  
Service in Mandarin 2100 GMT 3 Jul

[Text] A forum attended by workers in charge of legal system work was convened on the morning of 3 July.

The participants in the forum studied and implemented the guidelines of the 4th Plenary Session of the 13th CPC Central Committee. They unanimously supported the decisions worked out at the 4th Plenary Session of the 13th CPC Central Committee.

(Shi Jingbo), vice president of the provincial Lawyers' Association and a senior lawyer, said at the forum: A major reason for the occurrence of counterrevolutionary rebellion in Beijing was that some people were weak and lagged behind in their sense of the legal system. As law workers, we should approach things from the angle of the

legal system to expound on the nature of counterrevolutionary rebellion, and mobilize the masses to wage a struggle against the counterrevolutionaries and serious criminals who created the disturbances.

(Cheng Daiyu), a middle-ranking lawyer, said: Drawing one lesson from this incident, we know that we should strengthen education on the legal system among all the people. Universities and senior high schools should open classes in law. We should upgrade everyone's awareness of socialist law so as to ensure that everyone studies, abides by, observes, and uses the law.

Professor (Wu Fangzhong), head of the Law Department under Heilongjiang University, said: Many people, particularly, many college students, landed themselves in the disturbances. The democracy they thought of in reality was great democracy under anarchism. Some people said that they could wantonly trample on the law under the slogan of the great democracy. No country can tolerate this.

Zhao Dezun, honorary president of the provincial Lawyers' Association, said: All lawyers and workers in charge of legal system work across the province should persist in the principles as defined in the constitution. In line with the reality that chaos took place in the province for a time, we should [words indistinct] the entire process of the development from the student unrest to disturbances and counterrevolutionary rebellion; apply the law and legal system to thoroughly eliminate a handful of people with a criminal nature of opposing the party and socialism; resolutely defend the dignity of the constitution and laws; and push forward study of the legal system.

Hu Chengquan, president of the provincial Lawyers' Association and director of the provincial Judicial Department, presided over the forum. Zhou Wenhua, deputy secretary of the provincial party committee, also made a speech at the forum.

#### **Reportage on Jilin's He Zhukang's Activities**

##### **Addresses CPC Plenum**

SK1007001589 Changchun Jilin Provincial  
Service in Mandarin 2100 GMT 2 Jul 89

[Text] At the Third Enlarged Plenary Session of the Fifth Jilin Provincial CPC Committee, He Zhukang, secretary of the provincial party committee, emphatically pointed out: At present, in unifying ideological understanding, we must pay attention to grasping education on adhering to the four cardinal principles and on opposing bourgeois liberalization.

Comrade He Zhukang said: In conducting education on adhering to the four cardinal principles and opposing bourgeois liberalization, we must grasp the four links of instillation, management, refutation and prohibition. Instillation means to firmly grasp political education. Over the past few years we have abandoned instillation



in our ideological and political work. We failed to conduct regular education on Marxism-Leninism-Mao Zedong Thought among various organizations, thus making some people wrongly maintain that Marxism, Leninism and socialism will not work anymore, and making the people lose their political bearings and [words indistinct]. Therefore, the current advocacy of stressing instillation and educating people by positive measures and examples is of great urgency.

In the educational process, schools should do a good job in giving lessons on Marxism-Leninism-Mao Zedong Thought, conduct ideological education on socialism and communism, and train politically and professionally qualified personnel. Party schools should all the more pay special attention to education on the basic theory of Marxism-Leninism-Mao Zedong Thought, on socialism and communism, on the party's program and party constitution, and on the party's line, principles and policies. The social, scientific and technological research departments should strengthen research and propaganda on the basic theory of Marxism-Leninism-Mao Zedong Thought. Party and government organs, mass organizations and the Communist Youth League [CYL], in addition to grasping education for cadres of their own departments, should go deeply to the masses to conduct propaganda and education, create an upsurge in studying Marxism-Leninism-Mao Zedong Thought, and foster a healthy atmosphere of publicizing Marxism-Leninism.

In referring to grasping the three links of management, refutation and prohibition, Comrade He Zhukang said: Management means to strengthen leadership over the ideological and cultural front. We must not lose this front. In accordance with policies, laws and regulations, we must strengthen management over the four ideological spheres of theoretical education, the press, publications, and literature and art. We should stabilize and replenish our contingent of political workers, pay real attention to ideological and political work, and grasp this work until good results are achieved.

Refutation means to criticize all erroneous views and distinguish between right and wrong. During the disturbances there were many reactionary slogans and rumors, creating great confusion in the ideology of the people. We should take the initiative in launching an offensive against erroneous views and all types of rumors, and should criticize them resolutely and effectively. The theoretical research, press, and propaganda departments should prepare some persuasive rebuttal articles to explain the true facts, puncture the rumors, and educate the people.

Prohibition means to resolutely stop and resist all things that are harmful to the building of socialist spiritual civilization. We should strictly observe political discipline in propaganda, strictly forbid all forms of antiparty and antisocialist propaganda, and clearly investigate all kinds of repulsive phenomena that seriously pollute the social environment. On this issue, we must not fear

people's [words indistinct]. No ruling party or government can allow the wild attacks and direct existence of those hostile forces that openly oppose and subvert the government. From now on, we must foster a (?firm attitude), adopt resolute measures, and create a good social environment for reform and opening up.

#### **Speaks at Model Member Meeting**

SK0807023389 Changchun Jilin Provincial  
Service in Mandarin 2100 GMT 6 Jul 89

[Text] The party work committees of the organs directly under the provincial party committee and the organs directly under the provincial government held report meetings at the auditorium of the provincial party committee office on the afternoon of 5 and 6 June, respectively, on the deeds of outstanding party members of the (?first supply and marketing cooperative) of (Xinyi) Village of (Changfa) Township of Yushu County. During the report meetings, leading comrades of the provincial party committee and government, including He Zhukang, Wang Zhongyu, Du Qinglin, Li Deming and Gao Yan, met with members of the report group, including [name indistinct] (Li Fengxian), (Li Fengguo), (Ding Yingguo), (Hao Zhanwei), (Zhao Wenhua), (Li Xiyan) and (Li Fengxiang).

He Zhukang, secretary of the provincial party committee, said: Your deeds are very successful and moving. We should learn from you. Thank you.

On the afternoon of 5 and 6 June, members of the model party branch introduced to the cadres of the organs directly under the provincial party committee and government, who were present at the meetings, their advanced deeds in unswervingly implementing the line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee, enthusiastically leading the masses to the road of common prosperity, and building a socialist new countryside in the new situation in which the output-related contract responsibility system is enforced. Their deeds deeply moved the more than 2,000 office cadres present at the meetings.

#### **Visits Television Workers 3 Jul**

SK0807045289 Changchun Jilin Provincial  
Service in Mandarin 2100 GMT 4 Jul 89

[Text] On the afternoon of 3 July, He Zhukang, secretary of the Jilin Provincial party committee; Gu Changchun, deputy secretary of the provincial party committee; (Ge Shudong), deputy director of the Propaganda Department of the provincial party committee; and (Chang Fengwen), deputy secretary general of the provincial government, visited Jilin Television Station and extended regards to all the workers of the station who had strictly abided by party discipline and firmly stood at their posts during the disturbances and the counter-revolutionary rebellion in Beijing and some other places.

Comrade He Zhukang said: During the disturbances and the counterrevolutionary rebellion in Beijing and some other places, the workers of our provincial television station maintained unity with the party Central Committee in terms of politics, ideology, and action. They did their jobs well, withstood the trials, and played a positive role in stabilizing the whole situation in Jilin under that complicated and difficult situation.

On behalf of the provincial party committee and the provincial government, he extended regards and thanks to the workers in charge of television work across the province.

He urged: Workers in charge of television work across the province should conscientiously and deeply study Comrade Deng Xiaoping's important speeches and the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, and ceaselessly upgrade their ideological understanding and the awareness to resist wrong concepts.

Comrade He Zhukang said: We have to think over and over again the many things that took place during the political disturbances. A task of extreme importance is that we should vigorously strengthen construction and leadership on the press and mass media fronts. Television is the mouthpiece of the party and the government. Therefore, press workers should firmly believe the leadership of the party and the party's line, principles, and policies; and have a clear-cut stand to oppose bourgeois liberalization. Through press reforms, we should ensure not only to bring the press units' enthusiasm and initiative into play but also to place stress on organizational discipline and their role as the mouthpiece of the party and the government. In terms of news reports, press and mass media fronts should disseminate more things about the advanced and model persons in the first lines and the broad masses of workers and peasants so as to bring into full play the functions for giving correct guidance.

#### **Visits Radio Station**

*SK0907023189 Changchun Jilin Provincial  
Service in Mandarin 0930 GMT 3 Jul 89*

[Text] On the afternoon of 3 July, He Zhukang, secretary of the provincial party committee; Gu Changchu, deputy secretary of the provincial party committee; (Guo Shudong), deputy director of the Propaganda Department under the provincial party committee; and (Zhang Fengwen), deputy secretary general of the provincial government, traveled to the provincial broadcasting station to visit and extend regards to writers and announcers there, and had a cordial conversation with them.

Comrade He Zhukang said: During the serious political struggle at the preceding stage which lasted for about 2 months, the situation of our province was kept basically

stable. This was attributable to the correct policy decisions of the provincial party committee and the provincial government as well as the united struggle of the large number of cadres and masses throughout the province. This was also inseparable from the correct direction of the journalistic circles.

Comrade He Zhukang pointed out: As the mouthpiece of the provincial party committee and the provincial government, the provincial broadcasting station has closely followed the party Central Committee, has conducted media work in line with the policy decisions of the provincial party committee and the provincial government, has taken a firm and clear-cut stand, and has withstood tests during this serious political struggle.

He expressed the hope that when studying and implementing the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, the provincial broadcasting station will further strengthen the building of the ranks of writers and announcers and improve their political expertise in line with the realities of ideological work; and will uphold and actually propagate the four cardinal principles so as to make contributions to stabilizing the whole situation and promoting reform.

Comrade Gu Changchun pointed out in his speech: Writers and announcers of the provincial broadcasting station should think a lot about journalistic reform through studying and implementing the guidelines of the 4th Plenary Session of the 13th CPC Central Committee. He said: During the current serious political struggle, the slogan "demand freedom of journalism" was also shouted on many occasions. This has given the journalist circles a violent slap, and made them become aware of the necessity of upholding (?truthfulness) of reporting and party spirit under any circumstance. The journalist circles should not only play the role of supervising the public opinion, but also consciously subject themselves to supervision by the party and the masses.

Present at the forum were (Cui Wencai), director of the provincial Radio and Television Department; and (Jiang Chunsheng), deputy director of the provincial Radio and Television Department.

#### **Attends Animal Husbandry Conference**

*SK1007022889 Changchun Jilin Provincial  
Service in Mandarin 0930 GMT 8 Jul 89*

[Excerpts] The provincial animal husbandry work conference concluded in Changchun this afternoon after a 4-day session. During the conference, after summarizing the experiences and lessons in our province's animal husbandry development gained after the 3d Plenary Session of the 11th CPC Central Committee, the participating comrades held animated and earnest discussions on the study and formulation of policies related to animal husbandry development. They unanimously

approved the strategic decision made by the provincial government on building animal husbandry into a relatively independent pillar industry.

Provincial Vice Governor Hui Liangyu presided over today's session. Attending were responsible persons of the provincial party committee, Advisory Commission, people's congress, government, committee of the Chinese People's Political Consultative Conference, Discipline Inspection Commission and military district, as well as a relevant department of the Ministry of Agriculture, including He Zhukang, Zhang Fengqi, Wang Zhongyu, Liu Yunzhao, Xu Yuancun, Li Deming, Zhou Zaikang and (Chen Yaochun). They presented commendatory plaques and certificates, and certificates of honor to representatives of 110 advanced collectives, including the Nongan County People's Government, and 311 advanced workers and producers, including (Li Haifu), who were named by the provincial government, and read the provincial government's decision on commendation.

In his speech delivered at the end of the conference, Governor Wang Zhongyu worked out arrangements for all localities to conscientiously implement the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, unify thinking, continue to stabilize the situation, carry out economic work for the second half of this year with concentrated efforts, fulfill their plans, give prominence to the strategic position of animal husbandry, and comprehensively develop the rural economy. [passage omitted]

Comrade Wang Zhongyu stressed: In developing animal husbandry, we should correctly handle the relationship between animal husbandry production on the one hand and grain production and township enterprises on the other. We should not attend to one and lose sight of the other, and still less should we set them against each other. We should make them promote each other and develop in a coordinated manner, create a benign circle by making them offset their weaknesses with each other's strong points, and blaze a road of comprehensive and sustained development in the rural economy of our province.

#### **Jilin Military District Holds Party Session**

SK0807050489 Changchun Jilin Provincial  
Service in Mandarin 0930 GMT 7 Jun 89

[Text] From 5 to 7 July, the 8th party committee of the provincial Military District held its 2d enlarged plenary session to relay and implement the guidelines of the 4th Plenary Session of the 13th CPC Central Committee and the enlarged session of the party committee of the Shenyang Military Region.

During the session, Yu Zonghuan, party committee secretary and political commissar of the provincial Military District, and Chen Xingyin, party committee deputy secretary and commander of the provincial Military District, relayed the guidelines of the fourth plenary

session and the speeches of central leading comrades. After achieving a penetrating understanding of the guidelines of the documents, the participants held conscientious discussions to further understand the serious nature of the mistakes committed by Comrade Zhao Ziyang during the antiparty and antisocialism turmoil. They expressed firm support for the decision to dismiss him from all party posts. They enhanced their understanding of the necessity and correctness of the adjustments of the leading organs of the party Central Committee. They had more trust in the new leading collective of the party Central Committee headed by Jiang Zemin, achieved a clearer understanding of the nature of the present struggle, and the international and domestic background of the rebellion, raised their awareness in upholding the four cardinal principles and opposing bourgeois liberalization, had a more profound understanding of the series of decisions on checking the turmoil and suppressing the rebellion, and became more determined to carry out the struggle to the end. They came to a full understanding of the role of Deng Xiaoping and other revolutionaries of the older generation as the mainstay, and pledged to learn from and carry forward their revolutionary spirit. They enhanced their belief in the one central task and the two basic points, and pledged to consistently implement the line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee.

After reviewing the struggle against the turmoil carried out by the provincial military district in the past 2 months, Comrade Yu Zonghuan worked out arrangements for thoroughly implementing the guidelines of the 4th Plenary Session of the 13th CPC Central Committee and successfully carrying out various work in the second half of this year. First, it is imperative to pay attention to the relay and study of the guidelines of the fourth plenary session so as to unify the thinking of all cadres, soldiers, staff members, and workers, and stabilize the Army and the overall situation. Second, it is imperative to conduct education on the four cardinal principles, persist in the struggle to oppose bourgeois liberalization, and eliminate the ideological soil to breed turmoils. Third, it is imperative to greatly strengthen party building. The emphasis of this should be laid on training party members with party spirit, and maintaining the honesty of party organizations so as to improve their unity and combat strength; on solving the problems of embezzlement and bribe-taking, giving party and gifts with public funds, appointing people by favoritism, and seeking privileges, and making the procedures to solve the problems more public. Fourth, it is imperative to continuously attend to the two fields of work simultaneously, emphasize key points while giving consideration to the overall situation, and make a success of the current work and the work for the entire year.

#### **Liaoning Secretary Quan Shuren Activities**

##### **Attends Democratic Party Forum**

SK0807012989 Shenyang LIAONING RIBAO  
in Chinese 1 Jun 89 p 1

[Text] On the afternoon of 31 May, the Liaoning Provincial CPC Committee invited responsible persons of various democratic parties and patriotic personages



without party affiliation to a forum to conduct study and discussions. Quan Shuren, secretary of the provincial party committee, informed the participants of the current situation and the work related to checking turmoil. Sun Qi, deputy secretary of the provincial party committee, relayed the guidelines of the speeches delivered by Comrades Li Peng, Yang Shangkun, Qiao Shi and Yao Yilin on 22 May.

Quan Shuren pointed out in his speech: The relations between the democratic parties and the Communist Party are characterized by their sharing weal and woe and standing together through thick and thin. Such relations have been established over a long period of time during the revolutionary war years and construction, and are capable of withstanding the test of stormy waves. Our country is currently in a crucial period. The purpose of our gathering today is to urge everyone to remain clear-headed and take a clear-cut stand in this political struggle concerning major issues of right and wrong, correctly understand the situation, do our work successfully together, and stabilize the situation.

Attending the forum were Liu Mingjiu, honorary chairman, and Ming Shiji, chairman of the provincial committee of the Revolutionary Committee of the Kuomintang; Chen Yanzhi, adviser, Gao Qingzhou, chairman, and Wu Congfang, vice chairman of the provincial committee of the China Democratic League; Yu Jiakun, vice chairman of the provincial committee of the China Democratic National Construction Association; Niu Pingfu, chairman, and Liu Chun, Li Chunpei, Miao Shuren and Gao Shipin, vice chairmen of the provincial committee of the China Association for Promoting Democracy; Xia Dezhaoh, chairman of the provincial committee of the Chinese Peasants and Workers Democratic Party; Zhang Yuming, chairman, and Mo Taiyun, vice chairman of the provincial committee of the China Zhi Gong Dang; Song Zexing, chairman, and Long Xianfu, vice chairman of the provincial committee of the Jiu San Society; Lou Erkang and Feng Yousong, vice chairmen of the provincial People's Congress Standing Committee; Yue Weichun, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; and Hu Zhen, deputy director of the provincial Advisory Office.

In their speeches, they expressed firm support for the speeches delivered by Li Peng and Yang Shangkun at a rally of party, government, and army cadres in the capital, and for the correct decisions and resolute measures adopted by the party Central Committee and the State Council to check turmoil and stabilize the situation. They are determined to make their due contributions to safeguarding the stable and united political situation.

Some democratic party figures also suggested that the patriotic zeal of young students be protected and that persuasion be carried out successfully among them; that

the extremely small number of persons be distinguished from the overwhelming majority of people; and that the work of the party and government be improved.

In conclusion, Quan Shuren urged: The various democratic parties should organize their members to conduct study, unify their thinking, maintain political unity with the party Central Committee, and bravely carry out persuasion. The current overriding task is to stabilize the situation and restore the normal production and study order. Institutions of higher learning should resume classes as soon as possible. Public security should be strengthened to maintain social order. It is imperative to believe that the party Central Committee and the State Council are capable of properly handling current problems. If everyone exerts concerted efforts, difficulties can be overcome.

Liu Qingkui, director of the United Front Work Department of the provincial party committee, presided over the forum.

#### Meets Plant Directors

SK0807132989 Shenyang LIAONING RIBAO  
in Chinese 20 May 89 p 1

[Text] Quan Shuren, secretary of the provincial party committee, held a discussion at a forum with directors and managers of some large enterprises of the province in Shenyang on 18 May. The participants held that as far as enterprises were concerned, the current task of prime importance was to stabilize the economy and the production order, and continue to devote major efforts to developing production and deepening reform.

The forum was cosponsored by the entrepreneur groups of the consultative committees of the provincial party committee and government, and the XIANDAI QIYE-JIA [Modern Entrepreneurs] magazine. After learning about the difficulties confronting enterprises, Quan Shuren said: At present, enterprises are faced with many new problems in both their external environment and their own production and reform. However, entrepreneurs who have grown up in the process of reform must not weaken their confidence in reform. Currently, the most important task for enterprises is to maintain stability in the economy. In particular, the efforts of large and medium-sized enterprises to maintain stability, and the efforts of their workers to stand fast at their posts and persist in production will play an important role in the stability of the entire province, and even the entire country. What we worry about most is the fluctuation in the economy. If plants do not persist in production, a great difficulty will emerge in the entire society and the people's lives. We do not want to see chaos in society.

The participants also spoke on their views concerning how to achieve economic stability. Some directors and managers said that they should take the initiative in communicating their ideas and feelings to staff members and workers in order to resolve contradictions, that they

should not let the contradictions sharpen because of their own mistakes, and that production must not be suspended no matter how the external environment is.

#### **Attends Organization Department Forum**

SK0507065089 Shenyang Liaoning Provincial  
Service in Mandarin 2200 GMT 1 Jul 89

[Excerpt] On the morning of 1 July, the Organization Department of the provincial party committee held a forum to mark the 68th anniversary of the founding of the party.

More than 20 people, including representatives of advanced party organizations on all fronts and outstanding party members, attended the forum.

Present at the forum were principal leading comrades of the provincial party committee, including Quan Shuren, Sun Qi, Wang Julu, Shang Wen, Gao Zi, and Wang Chonglu; Guo Feng, former head of the provincial party committee; and Dai Suli, chairman of the provincial Advisory Commission. Quan Shuren, secretary of the provincial party committee, made an important speech at the forum.

He said: Strengthening party building has become a task of extreme importance for the whole party. A key question at present is to enhance the concept of the party. The main reason why party building was ignored, the functions of the party were weakened, and the party's prestige dropped in recent years was that people have weakened their concept of the party. So, we must clear up two misunderstandings. The first is the confused understanding about the position and functions of the party in the historical phase of socialist construction. Some people set the roles of a state organization and administrative departments against the party's role. Comrade Zhao Ziyang formally set forth that it is necessary to (?forcibly seize) the leadership of the party. As a result, serious losses were brought about to the work of the party. So, we must solve this ideological problem.

To strengthen the concept of the party, we should do a good job in reviewing party history and the history of the party's establishment and development. Meanwhile, an ideological problem that should be solved is one concerning the position of the ruling party. The position of the ruling party was established with the blood of countless numbers of martyrs. The party took (?68) years to seize political power. Now it is necessary to consolidate political power. As a ruling party, we must bring our roles into play. In his speech at the 4th Plenary Session of the 13th CPC Central Committee, Comrade Jiang Zemin pointed out that changes take place in the situation and tasks of the party at any period, but no change will take place in the nature of the party or the party's key leading role in the country.

The second problem that should be solved is that the party's supreme ideal has been weakened. The supreme goal of fighting for communism [words indistinct] and was even resisted and criticized. The key to the theories in the initial stage of socialism as set forth at the 13th party congress is the supreme ideal of the party. Due to the failure to conduct education of various categories for a long period of time, the party members lowered their standards. Communist Party members regarded themselves as ordinary people and had the weakness of putting money first ahead of everything. Concepts of having ideals, making contributions, and serving the people wholehearted [words indistinct]. The thinking of bourgeois liberalization ran rampant. [sentence indistinct] Corrosive phenomena within the party even emerged. If each and every Communist Party member can serve the people wholeheartedly and consciously resist corrosive things, these problems will certainly be solved and the enhancement of party building will be upgraded to a new level. [passage omitted]

#### **Speaks at Court Presidents' Meeting**

SK0507054989 Shenyang Liaoning Provincial  
Service in Mandarin 2200 GMT 4 Jul 89

[Text] The provincial meeting of court presidents was held in Shenyang on 4 July. The meeting called on the People's Courts at all levels throughout the province to take the spirit of the 4th Plenary Session of the 13th CPC Central Committee as the guiding principle, unswervingly adhere to the four cardinal principles and the policy of reform and opening up because they are the country's foundation and the path through which we should build a strong and prosperous country, and carry out the court work of the new period in a down-to-earth manner.

Quan Shuren, secretary of the provincial party committee; Wang Julu, deputy secretary of the provincial party committee; Chen Suzhi, member of the Standing Committee of the provincial party committee and vice provincial governor; and Zhang Tiejun, vice chairman of the provincial People's Congress, and other leaders attended the meeting.

At the meeting, Comrades Quan Shuren and Wang Julu gave important speeches on how to enable the people's courts to implement the guidelines of the 4th Plenary Session of the 13th CPC Central Committee, how to do a good job in suppressing the rebellion, ending the disturbances, and stabilizing the overall situation, and how to enable the people's courts to treat the issue concerning the lines of demarcation in the policy while handling criminal cases involving counterrevolutionary activities of beating, smashing, looting, burning, and killing during the counterrevolutionary rebellion and the disturbances.

In line with the four important tasks of the whole party, comrades attending the meeting also held enthusiastic discussions on how to strengthen honesty among the courts.

### **Visits Drama Festival Opening**

*SK0907022189 Shenyang Liaoning Provincial  
Service in Mandarin 2200 GMT 6 Jul 89*

[Text] Northeast China's first modern drama festival, cosponsored by the Northeast China Branch of the China Society for the Study of Modern Drama and by the agencies of LIAONING RIBAO, JILIN RIBAO, and HEILONGJIANG RIBAO, opened in Shenyang on 5 July.

This festival is devoted to enabling modern drama workers in Northeast China to approach the current modern drama situation in the three provinces of Northeast China from a macroeconomic angle; boosting morale and exchanging experiences among modern drama workers; studying and discussing modern drama theory and the major problems existing in the practice of art; and enabling modern drama workers to better serve the building of socialist spiritual civilization.

At the opening ceremony, Li Moran, a noted performing artist and president of the Northeast China Branch of the China Society for the Study of Modern Drama, made a brief opening speech. He expressed the hope that drama workers in Northeast China will make the most of the favorable situation brought about by the 4th Plenary Session of the 13th CPC Central Committee to work hard unitedly to create still more and better works.

Among the provincial leaders present at the opening ceremony were Quan Shuren, Dai Suli, Wang Guangzhong, Li Changchun, and Xu Shaofu. Also attending the opening ceremony were Guo Feng, Standing Committee member of the Central Advisory Commission; and Wu Xue, president of the China Society for the Study of Modern Drama.

After the opening ceremony, Chen Lei, Liu Jingzhi, and Liu Yiyun, honorary presidents of the Northeast China Branch of the China Society for the Study of Modern Drama, as well as Sun Qi, Wang Julu, Zhu Jiazhen, Wang Wenyuan, Zhang Tiejun, Zhang Zhiyuan, and Peng Xiangsong, viewed the drama entitled ("Rich Goddess") staged by the Liaoning Art Performing Troupe.

### **Liaoning Congress Holds Meeting on Guidelines**

*SK0807132489 Shenyang Liaoning Provincial  
Service in Mandarin 0930 GMT 3 Jul 89*

[Text] On 3 July, the provincial People's Congress Standing Committee held a meeting of office cadres to implement the guidelines of the 4th Plenary Session of the 13th CPC Central Committee and the documents of the 8th plenary session of the 6th provincial party committee.

At the meeting, Cheng Jinxiang, vice chairman of the provincial People's Congress Standing Committee, first relayed the guidelines of the recent 8th plenary session of the 6th provincial party committee. Then, Gu Jingxin, vice chairman of the provincial People's Congress Standing Committee, (Liu Xiping) and (Dong Qinsong), members of the provincial People's Congress Standing Committee, and some office cadres took the floor one after another. They spoke glowingly of their experiences in studying the guidelines of the 4th plenary session of the 13th party Central Committee and the 8th plenary session of the 6th provincial party committee, as well as their understanding and opinions on the current political struggle. They unanimously maintained: The succession of events, from the student unrest to disturbances and the counterrevolutionary rebellion, has profoundly indicated that at any time and under any circumstance, we must take a clear-cut stand to uphold the four cardinal principles.

At the meeting, Wang Guangzhong, chairman of the provincial People's Congress Standing Committee, called on office cadres of the provincial people's congress to conscientiously read documents, profoundly study documents in line with the reality to enhance their understanding of documents, and unite their ideology with the guidelines of the 4th plenary session of the 13th party Central Committee and the three recent speeches of Comrade Deng Xiaoping.

Wang Guangzhong said: In the process of study, we should positively attend to our work in close combination with the realities of ideology, the realities of Liaoning, and the realities of people's congress work.

This meeting was presided over by Zhang Tiejun, vice chairman of the provincial People's Congress Standing Committee.

### **Liaoning's Zhi Gong Dang Meeting on Communiqué**

*SK0307050089 Shenyang Liaoning Provincial  
Service in Mandarin 2200 GMT 1 Jul 89*

[Text] On 1 July, the Liaoning Provincial Committee of the China Zhi Gong Dang, held an enlarged Standing Committee meeting to study and discuss the communiqué set forth at the 4th Plenary Session of the 13th party Central Committee.

The comrades participating in the meeting unanimously expressed their cordial support for the resolutions worked out at the plenary session, and pledged to continuously and conscientiously implement the CPC Central Committee's principle of long-term coexistence, mutual supervision, and to devote themselves to each other and to sharing weal and woe.

The meeting called on the committee members to strengthen their friendly contacts with Overseas Chinese and Chinese organizations, to establish close ties with relatives and friends residing abroad, to adopt various



methods to support the four modernizations, to enhance the cohesive power of the Chinese nation, and to consolidate and develop the patriotic united front.

**Liaoning Appoints New Dandong City Secretary**

SK0907125489 Shenyang Liaoning Provincial  
Service in Mandarin 2200 GMT 7 Jul 89

[Text] The provincial party committee recently decided to appoint Comrade Wang Wenqian as secretary of the Dandong City CPC Committee, and dismiss Comrade Liu Zhongwen as secretary of the Dandong City CPC Committee. Comrade Wang Wenqian has already resigned from his post as mayor of the Dandong City People's Government.

The Dandong City People's Congress Standing Committee decided to appoint (Zhang Liji), former executive vice mayor of the Dandong City People's Government, as acting mayor of Dandong City.

**Liaoning Holds Thrift Mobilization Meeting**

SK0807131889 Shenyang Liaoning Provincial  
Service in Mandarin 0930 GMT 5 Jul 89

[Text] On the morning of 5 July, the provincial party committee and the provincial People's Government sponsored a mobilization meeting through a radio and television broadcasting link-up on increasing production and practicing economy as well as increasing incomes and curtailing expenses.

Attending the meeting were leading comrades from the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial People's Government, and the provincial CPPCC committee, including Li Changchun, Dai Suli, (Wang Quan), Guo Jiazhen, Chen Suzhi, Wang Xiongya, Xiao Zuofu, (Li Guozhang), and (Zhao Shuaizhang).

Main items in the meeting's agenda are to earnestly implement the spirit of the 4th Plenary Session of the 13th CPC Central Committee, the 8th plenum of the 6th provincial party committee, and the telephone conference sponsored by the State Council on increasing production and practicing economy as well as increasing incomes and curtailing expenses; to arouse the broad masses of cadres and the people on various fronts across the province to more closely rally around the CPC Central Committee; to unify thinking and heighten spirit to overcome the difficulties which have cropped up in the economy and livelihood; to adopt every possible way

and means to upgrade the standard of industrial and agricultural production, of economic results, and of the work in various fields; to resolutely fulfill the province's targets of the national economy and of the campaign of increasing production and practicing economy as well as increasing incomes and curtailing expenses; to seize back the losses caused by the disturbance and the riot with concrete deeds; and to continuously deepen the province's programs of developing the economy and opening to the outside world.

During the mobilization meeting, representatives from the Fushun City People's Government, the steel plant of Fushun City, the textile industrial bureau of Fushun City, and the departments concerned with Shenyang City delivered reports to describe their experiences gained in increasing production and practicing economy as well as increasing incomes and curtailing expenses.

Cadres in party and government organs at all levels throughout the province and staff members and workers on various fronts were listening and viewing the live telecast of the mobilization meeting.

**Liaoning Trade Zone Attracts Foreign Investment**

OW0707045989 Beijing XINHUA in English  
1115 GMT 6 Jul 89

[Text] Shenyang, July 6 (XINHUA)—The Dalian economic development zone in Liaoning Province concluded 29 contracts on setting up foreign-funded enterprises in the first six months of this year.

Wang Tiantai, an official of the provincial government, said here today that the zone, founded in October 1984, has built 131 projects with a total investment of 1.36 billion yuan (about 368 million U.S. dollars). Included are 99 foreign-funded enterprises with a combined investment of 366 million U.S. dollars. These enterprises have registered capital totalling 150 million U.S. dollars, of which 60 percent or 91.61 million U.S. dollars came from foreign business people.

It is learned that 64 enterprises that have already gone into operation, generated a gross industrial output value of 133.25 million yuan (about 36 million U.S. dollars) in the first half of this year, up 70 percent over the same period of last year.

According to the official, the Dalian economic development zone ranks the first among the country's coastal economic development zones in construction, attracting investment and technical standard.

**Commentary on "Harmony" With Taiwan**  
*HK1207033689 Beijing RENMIN RIBAO*  
*OVERSEAS EDITION in Chinese 12 Jul 89 p 1*

["Short Commentary": "Jointly Cherish the Harmonious Atmosphere Between the Two Sides of the Strait"]

[Text] Yesterday, the Beijing Municipal State Security Bureau deported under escort, Huang Te-pei, a reporter for Taiwan's TSULI [INDEPENDENCE] Press Group.

While staying in Beijing, Huang Te-pei made use of his capacity as a tourist to carry out illegal coverage. He dispatched reports that misrepresented facts, and instigated turmoil and the counterrevolutionary rebellion. He even drew a map to show the deployment of the martial law troops, and blatantly came into secret contact with a wanted ringleader of an illegal organization and tried to help him flee the country. He thus offended the mainland's criminal law. Huang Te-pei himself also pleaded guilty. Even so, the Chinese authorities concerned still gave consideration to the relationship between the two sides of the strait and decided to handle his case leniently and exempt him from being brought to the court for trial and sentence.

More than 1 year ago, two reporters for Taiwan's TSULI WANPAO [INDEPENDENCE EVENING POST] defied the Taiwan authorities' "three-no's" policy and took the lead in entering the mainland to carry out coverage. They were welcomed on the mainland. Since then, many journalist institutions in Taiwan have successively sent reporters to carry out coverage on the mainland, and they have all been assisted by the departments concerned and the journalist circles on the mainland. This fully manifests the mainland side's sincerity for promoting exchanges and cooperation between the two sides of the strait, and for promoting the "three links."

Reporters who come to the mainland to carry out coverage must abide by the mainland's laws and regulations, and must not engage themselves in activities that are not in keeping with their capacity. This is the premise for their freedom in covering news. Such a principle is upheld by all civilized countries. As long as they abide by this principle, we still sincerely welcome reporters sent by journalist institutions in Taiwan, Hong Kong, Macao, and overseas areas. After passing the application procedures and getting approval, they can continue to send reporters to cover news on the Chinese mainland, and we will, as usual, warmly welcome them and sincerely cooperate with them.

Over the past 2 years and more, the atmosphere between the two sides of the strait has become more and more harmonious. The people on both sides are sincerely glad to see this, and we should cherish such a harmonious atmosphere. Recently, CPC Central Committee General Secretary Jiang Zemin reiterated that China will not change its policy toward Hong Kong, Macao, and Taiwan, which was formulated in light of the principle of "one country, two systems." The principle of "peaceful reunification, and one country, two system" represents the common wishes and fundamental interests of the Chinese people on both sides of the strait, and we will continue to firmly implement this principle. All other policies toward Taiwan formulated since the 3d Plenary Session of the 11th CPC Central Committee will also remain unchanged and will be carried out continuously. However, we have noticed that the Taiwan authorities still adhere to the anti-communist position, still reject any reconciliation, still stubbornly maintain the "three-no's" policy, and still try to delay the motherland's peaceful reunification process. In particular, in the previous period, the Taiwan authorities erroneously assessed the situation, stepped up their "political counterattack" on the mainland, made political infiltration, and even directly engineered and financed the activities of opposing the PRC government. Such practice is unpopular and will never succeed.

Over the past 2 years and more, more and more people in Taiwan have come to the mainland to visit their relatives and friends, to go sightseeing, and to do business and make investments; postal services and trade between the two sides have also increased. This general trend is irreversible. Not long ago, social turmoil occurred in some localities on the mainland, and a counterrevolutionary rebellion broke out in Beijing. Some mass media at home and abroad published misleading reports that misrepresented the facts. This has affected contacts and exchanges between the mainland and Taiwan to a certain degree. At present, the turmoil has been checked and the rebellion has been quelled. The 4th Plenary Session of the 13th CPC Central Committee has been successfully held. Social order on the mainland has been stabilized, and various construction and reform projects are being smoothly carried forward. We hope that relations between the two sides of the strait will continue to develop, because the great cause of promoting the peaceful reunification represents the fundamental interests of the entire Chinese people, including all compatriots in Taiwan and this is also our sacred historical mission. We hope that the Taiwan authorities will set store by the national interests, correctly assess the situation, and act in a sensible manner.

## Hong Kong

### Basic Law Drafters Meet Jiang Zemin

HK1207033389 Hong Kong SOUTH CHINA  
MORNING POST in English 12 Jul 89 pp 1, 8

[By political staff]

[Text] The General Secretary of the Chinese Communist Party, Mr Jiang Zemin, said in Beijing yesterday that "we will not practise socialism in Hong Kong, Macao and Taiwan" but warned that the territories should not transplant capitalism on to the mainland.

He said the principle of "one country, two systems" will benefit Hong Kong, the whole country, Britain and other countries.

He made the remarks at a meeting with the vice-chairman of Basic Law Drafting Committee (BLDC) and chairman of the Basic Law Consultative Committee, Mr Ann Tse-kai, the consultative committee vice-chairman, Mr Lo Tak-shing and drafter Mr Wong Po-yan.

Mr Jiang said the "one-country, two systems" principle not only met diplomatic needs, but also agrees with the fundamental interests of Hong Kong and the country as a whole.

"In dealing with the issue of Hong Kong, Macao and Taiwan, we follow the principle of "one country, two systems.

"We practise our socialism and you may practise your capitalism.

"The well water does not interfere with the river water," he said.

A report of the meeting from the NEW CHINA NEWS AGENCY said Mr Jiang pointed out that the Basic Law drafting committee had made remarkable progress in the past few years and the consultative committee has also played an effective role.

He hoped that the committee would finish its law-drafting work in time so that the draft law would be rendered to the third session of the seventh national People's Congress for examination and approval next spring.

He analysed the causes behind the student unrest, turmoil and counter-revolutionary rebellion and the necessity of taking measures to put down the rebellion in Beijing, the NCNA report said.

The Hong Kong drafters were in Beijing at the invitation of Mr Ji Pengfei, chairman of the BLDC and director of the Hong Kong and Macao Affairs Office under the State Council.

Mr Ji, his deputy, Mr Li Hou, and the office's secretary-general, Mr Lu Ping attended the meeting.

Mr Xu Jiatusun, director of the Hong Kong branch of the NCNA, was also present.

"Mr Jiang gave a very impressive performance," Mr Lo said.

He described the overall tone of Mr Jiang's approach as "reassuring".

State television showed Mr Jiang greeting the drafters and warmly shaking their hands.

This was the first time a senior Chinese leader had met prominent Hong Kong people since the Beijing massacre on June 4, which resulted in hundreds of thousands of Hong Kong people taking to the streets in protest.

Mr Lo said the new Communist Party head, who served previously as mayor and then secretary of the Communist Party in Shanghai, demonstrated a firm knowledge of business concerns.

"I think it's important for Hong Kong that someone of his position understands the business world," said Mr Lo, who was also impressed with Mr Jiang's command of English.

Mr Lo did not say whether the new Party head had raised the issue of Hong Kong publications, whose reporting of the Beijing crisis has angered party leaders.

The Hong Kong group met Mr Ji on Monday.

"I don't like to say we killed two birds with one stone, but that's what we did," Mr Lo said.

Mr Lo claimed to be visiting Beijing "on holiday" and pointed out that he had brought his 11-year-old daughter with him.

Asked if it was a coincidence that he had met the newly appointed head of China's Communist party during his visit, Mr Lo commented that many things in life are inter-connected.

Basic Law Consultative Committee (BLCC) secretary-general, Mr Leung Chun-ying, who returned to Hong Kong from Beijing yesterday morning said consultation activities on the draft mini-constitution would resume as soon as possible, but gave no details.

Mr Leung said co-ordination of the consultation process was discussed between mainland officials, Hong Kong drafters and consultative committee members in Beijing.



And in a comment seen as a clear signal that Britain plans to play a more active role in the drafting process, Hong Kong's political adviser, Mr Richard Clift, said yesterday the territory should be given more time to draft the Basic Law.

He said an extension was necessary to ensure the best possible safeguards are built into the mini-constitution.

"Clearly the more time you can have to do that, the better," he said.

It was the first time a Government official has endorsed the call to delay the promulgation of the Basic Law, even though Beijing had rejected the appeal.

Until now, China has maintained that the Basic Law was an internal matter.

However, with the plunge in Hong Kong confidence following the June 4 massacre in Beijing, Britain appeared ready to put pressure on China to adhere to local wishes to include more safeguards in the Basic Law.

These include insulating Hong Kong from any abuse of power by Beijing in declaring a state of emergency and preventing the People's Liberation Army (PLA) from being stationed in the territory.

It is understood that the Basic Law was discussed by the Executive Council during its weekly closed-door deliberation yesterday.

The policy-making body maintained that any speeding up of the pace of political reform before 1997 would have to take into account the political formula contained in the mini-constitution.

Mr Clift, who retires as political adviser on Friday, offered no time-table to extending the promulgation of the Basic Law.

However, local Basic Law drafter, Mr Sanford Yung said Beijing could demonstrate its sincerity in seeking Hong Kong views by extending the drafting process by at least another year until 1991.

Mr Yung, a chartered accountant, said: "I really don't understand why the promulgation date cannot be postponed to, say, 1991 or 1992. After all, the Basic Law will not take effect until 1997."

Mr Yung warned Beijing that its refusal to extend the drafting process will be seen as failure to heed Hong Kong views.

"Their rejection of calls for delay will be seen as ignoring public views. People will ask why the promulgation date is to remain unchanged if the consultation period is to be extended.

"They will say Beijing already has preconceived ideas about the Basic Law and that the drafters are only acting as a rubber-stamp," Mr Yung said.

Mr Ji told visiting Hong Kong drafters and officials of the consultative committee in Beijing on Monday that the promulgation of the Basic Law would go ahead as scheduled in 1990.

Mr Ji said, however, that he would seek approval from the NPC standing committee to extend the consultation period, originally due to finish at the end of this month.

Mr Ji did not say for how long.

Mr Yung who criticised the suppression of pro-democracy students in Tiananmen Square on June 4, said the incident indicated the need for a careful rethink on some crucial areas in the Basic Law.

He joined the call for China not to station the PLA in Hong Kong after 1997 in an attempt to restore local confidence.

He said the PLA should be station in Shenzhen, China's border city, and only enter Hong Kong if so requested or in times of war.

Mr Yung said the territory had a strong case of asking China not to station troops here.

Given that Shenzhen borders Hong Kong, he said the PLA could swiftly be mobilised to protect the territory in times of war.

The Chinese troops should enter the territory only to restore civil unrest and only after the chief executive and a two-thirds majority of the legislature gave their approval, Mr Yung added.

#### **Ford Supports Legislators on Right of Abode**

*HK0607064589 Hong Kong HONGKONG STANDARD in English 6 Jul 89 p 1*

[Text] The Chief Secretary, Sir David Ford, yesterday declared support for legislators on the nationality issue saying the arguments against granting right of abode to Hong Kong people were "fundamentally flawed".

He was speaking during the debate on the Parliamentary Foreign Affairs Select Committee's report denying full British nationality to Hong Kong people.

Legislative Councillors unanimously voiced harsh criticism against the report which denied the 3.25 million British subjects in Hong Kong right of abode in Britain.

Almost all the 37 councillors speaking in the debate condemned the denial.

Councillors passed the motion which took note of the committee's report and urged the British government to take measures to solve the confidence crisis in Hong Kong, in particular restoring the right of abode to Hong Kong British Dependent Territories Citizens.

Sir David said the Government would like to see the British government grant such right to all British subjects in Hong Kong.

This would do much to encourage people to stay and work for Hong Kong's future, he said.

He said Britain was likely to introduce a limited scheme to extend full nationality to a select number. But that was no substitute to granting the right of abode to all those eligible, he said.

Sir David said the Government had put forward three points for consideration by the British government. They are:

- The scheme must be generous in order to be effective in stemming the brain drain crisis.
- The divisiveness should be minimised.
- The scheme should have as its objective the need to retain people in Hong Kong.

Sir David said it must be relevant to see how other sovereign powers had regarded their obligations to dependent territories citizens.

"Portugal, a small country with a population of 10 million has, we are told, provided for citizenship not only for 100,000 of its citizens in Macao but also for over three million of its citizens in former dependent territories," he said.

"France has done the same with its overseas territories."

He said these two countries clearly took a view their obligations outweighed the risk.

Sir David said the British government had accepted its obligations to citizens in other dependent territories, not only to small numbers in Gibraltar and the Falklands but also to an estimated one million people in South Africa.

The Chief Secretary said he believed the much-mentioned obligation was accepted by the British government but the contention was that the risk was high.

Sir David said he understood the decision was not easy for a politician to take.

He said Hong Kong's case would make little progress without the support of the British public.

During the five-hour debate, councillors accused the British authorities of not fulfilling their moral obligation to British subjects in Hong Kong.

The committee's report was published last week after a five-month investigation into Britain's role in implementing the Joint Declaration. It has been bitterly criticised by local community leaders for not coming up with a satisfactory formula on nationality.

But a number of councillors, including Martin Barrow and Cheng Hon-kwan, called on the public to judge the whole report despite the unacceptable deal on nationality.

They said recommendations on other issues including the speedier democratic reforms, enactment of a bill of rights and Basic Law issues were positive.

Despite a united front on the right of abode, councillors are clearly divided on whether the report's recommendations on faster political reforms should be adopted.

The report suggested half of the Legislative Council should be directly elected in 1991 and the whole legislature in 1995.

But three councillors, Mr Ngai Shui-kit, Mr Poon Chi-fai and Mr James Ties, said Omelco's [Office of Members of the Executive and Legislative Councils] proposals for introducing universal suffrage by 2003 were still preferable.

Mr Martin Lee called for the United Nations to set up a monitoring group in Hong Kong to ensure Hong Kong enjoyed a high degree of autonomy for 50 years after 1997.

On human rights, the speakers also called for a bill of rights to be enacted as soon as possible.

Sir David said it was the Government's intention to introduce a bill of rights in an appropriate form as soon as possible.

### **People Have No Hope on Right of Abode**

HK0307051389 Hong Kong HONGKONG STANDARD  
in English 3 Jul 89 p 6

["Analysis" by Ong Hock Chuan]

[Text] Hong Kong surprised the world when a million people poured into the streets in May to protest against China's proclamation of martial law.

Yesterday, it sprung another surprise with an abysmal turnout of demonstrators. Why did so few show up?

At the airport and at Victoria Park where simultaneous demonstrations were held to campaign for the right of abode of Hong Kong citizens in Britain, even the organisers were taken aback by the paltry attendance.

In Mong Kok they blamed the midday heat and the fact most people were eating lunch.

At Victoria Park, Dr Leong Che-hung blamed the Foreign Affairs Committee (FAC) report.

People were despondent because the FAC report recommended against granting right of abode, he reasoned.

These were poor excuses: Even a typhoon could not keep 50,000 people from demonstrating on the night China proclaimed martial law.

There is a more probable reason: Omelco [Office of Members of the Executive and Legislative Councils] and various self-appointed leaders are out of touch.

Take away all the talk about morality and responsibility and you have the truth: Britain will never allow 3.25 million Chinese residency.

The paranoia, xenophobia and—in Sir Geoffrey's own words—"the social tension" such an influx or even a fraction of this would cause Britain has made the issue a non-starter.

The FAC report only confirms what Hong Kong people knew already—Britain can, and will, ditch us on this issue.

But the cynicism had taken root before Friday. How else can you explain the complete silence which greeted Dame Lydia Dunn's statement last week that it would be "unrealistic" to expect Britain to also give abode rights to the territory's non-British subjects.

She effectively said Omelco had given up its fight for them.

Those two million people did not so much as raise a single objection. What was the point? These leaders never spoke for them anyway.

The same cynicism could be heard regarding Sir Geoffrey Howe's visit.

People have abandoned all hope of getting right of abode in Britain and are now applying elsewhere.

Ultimately this could ruin Hong Kong. But while the people know this, their leaders do not. Today many of them will dine with Sir Geoffrey ostensibly to "fight until the end".

They are politically naive and, unlike the rest of the population, are falling for the old colonial trick of divide and rule.

**Calls To Delay Basic Law Rejected by PRC**  
*HK1107012389 Hong Kong SOUTH CHINA*  
*MORNING POST in English 11 July 89 p 1, 9*

[By Chris Yeung]

[Text] China has rejected calls to delay the promulgation of the Basic Law, due to be ratified by the National People's Congress early next year, but will allow consultation on the draft post-1997 mini-constitution to be extended.

Mr Ji Pengfei, China's most senior official in charge of Hong Kong affairs, said in Beijing yesterday he would propose that the current five-month consultation period, originally scheduled to finish at the end of this month, be "duly extended".

He did not say for how long.

It is the first time that China has turned its attention to the Basic Law since the Tiananmen Square massacre took place on June 3 to 4.

Mr Ji, who is chairman of the Basic Law Drafting Committee, sought to clear up uncertainties on the Basic Law when meeting leading officials of the Consultative Committee including chairman Ann Tse-kai yesterday.

The BLCC [Basic Law Consultative Committee] suspended all consultative activities soon after the Beijing crackdown.

Apart from the need for more time to rebuild the shattered confidence over the 1997 sovereignty change-over, there is also concern that vital sections of the Basic Law, such as the political framework and use of emergency powers, need to be revamped.

Two drafters, Mr Louis Cha and the Reverend Peter Kong Kwong-kit, and two BLCC members have resigned in protest against the killings.

Another three drafters, including Mr Martin Lee Chuming, Mr Szeto Wah and Miss Maria Tam Waichu and some BLCC members, have also suspended their work.

In a statement issued by the BLCC last night, it said Mr Ji reiterated during the meeting that "on how to carry out further the consultation on the Basic Law", the policies of Chinese Government regarding Hong Kong would remain unchanged.

Mr Ann was joined by BLCC vice-chairman, Mr Lo Tak-shing and secretary-general, Mr Leung Chunying.



Also present were vice-chairman of the drafting body, Mr Hu Sheng, Mr Fei Xiaotong, Mr Wang Hanbin, Mr Xu Jiatun and Mr David Li Kwok-po; secretary-general, Mr Li Hou and convenors of sub-groups, Mr Wong Po-yan, Mr Shao Tianren, Mr Yong Longgui, Mr Wang Shuwen and Mr Xiao Weiyun.

The remarks of Mr Ji drew mixed reactions from local members of the drafting and consultative committees.

Mr Martin Lee Chuming reiterated that the promulgation date of the Basic Law should be delayed at least until 1991.

He said last night: "Time is not enough. Hong Kong now is totally different from what it was three months ago. We need time to reconsider the whole thing. Why the haste? The year 1990 is not a solemn date that cannot be changed."

According to the original schedule, the drafters will resume its sub-group discussions in October by taking into account the views collected by the end of this month.

A full meeting will be held in January to finalise a draft to be tabled to the 135-member NPC standing committee.

The draft constitution will become law (which will take effect on July 1, 1997) when the 2,900-some delegates of the NPC, China's parliament, endorse it in its annual plenary session next March.

Mr Lee said: "The Beijing massacre has already upset the whole drafting schedule. Two visits of mainland drafters originally to be held in May and June to collect local views have also been cancelled.

"The Beijing incident has made such visits the more important for mainland drafters to see for themselves the latest development of the territory," he said.

Mr Lee and his close ally in the drafting body, Mr Szeto Wah have told a mass rally on June 4 they would stop working for the Basic Law until the present Chinese Government is replaced by a democratic one.

Mr Lee said he stuck to his position but suggested the full drafting body should meet to discuss the consultation and promulgation of the Basic Law, adding the decision should not be made by "a small group of people."

A BLCC member, Mr Cheng Kai-nam who has earlier suspended his work said last night he would rejoin the discussion, adding the remarks of Mr Ji were acceptable.

Mr Cheng, an executive member of the Federation of Education Workers, said: "The policy of 'one country, two systems' and the Basic Law have become more and more important to Hong Kong in the wake of the suppression in Beijing. That's what we have to stick to."

He said: "Our position over the Beijing massacre has not been changed. We still insist the authorities in China have to bear responsibility for the suppression.

"But no matter how, the promises given to Hong Kong people must be implemented. We accept the country's policies, but not its ruling authorities.

"Even if Li Peng wants to talk to us, we will reject it," said Mr Cheng.

He agreed the events in Beijing have brought about radical rethink of the conservative political blueprint contained in the present draft.

He believes, however, there would be difficulties in getting all political groups to resume talks because the emotions of territory people over the political situation were yet to settle down.

**Wilson To Reveal Bill of Rights Details in Oct**  
*HK0707033989 Hong Kong HONGKONG STANDARD in English 7 Jul 89 p 1*

[Text] The Governor Sir David Wilson will announce details of a Bill of Rights for Hong Kong in October, a few months ahead of schedule.

The Chief Secretary, Sir David Ford, said yesterday details of the bill would be revealed by the Governor when he delivered his annual policy speech.

It is understood the bill will be introduced earlier because of mounting pressure in the territory over human rights.

Then Acting Chief Secretary, Piers Jacobs, told the Legislative Council two months ago the Government would decide on legislation by early next year.

Government lawyers were reviewing the territory's laws concerning human rights.

After officiating at the opening of a school exhibition this week, Sir David Ford said the Government planned to introduce a Bill of Rights as soon as possible.

He said the Government was examining the best way of incorporating it into legislation.

"Details of the bill will be revealed by the Governor in his October speech," he said.

The Chief Secretary said the Government had not yet decided how the job should be done, but "that is what the study is about."

The British Foreign Affairs Select Committee [FAC] said last week that Hong Kong should introduce a Bill of Rights.

A number of legislative councillors also pressed for a Bill of Rights during a debate on the FAC report on Wednesday.

On the right of abode issue, Sir David said the Government would continue to fight for the people of Hong Kong.

"I think there is still a way in which confidence could be reestablished in Hong Kong, and we will continue to press for it.

"That doesn't mean we should turn away anything that is offered in the meantime as I made clear in my speech on Wednesday.

"But this should not be seen as a substitute for the right of abode," he said.

#### **Missing XINHUA Official Surfaces in London**

HK1207015389 Hong Kong SOUTH CHINA  
MORNING POST in English 12 Jul 89 pp 1, 7

[By Nigel Rosser in London]

[Text] Xu Haining, the NEW CHINA NEWS AGENCY (NCNA) official who disappeared from Hong Kong after denouncing the Chinese Government for imposing martial law in Beijing, has reappeared in London.

Mr Xu, 26, said he was given travel papers signed by a Justice of the Peace, Mr H.C. Yeung, and given a false name, David Tsui, which he used to board a flight for London.

He has now been granted one year's residence in the UK, pending a Home Office decision on whether to grant him refugee status.

Speaking to a small group of democracy campaigners and reporters at the London Chinese Health Resource Centre on Dean's Street in Chinatown, Mr Xu also said he had been put up in a safe house in Hong Kong by the same group involved in smuggling a number of Chinese dissidents out of the country.

He said he was interviewed there by United States refugee officials.

Mr Xu, from Zhejiang province, studied under renowned Chinese intellectual Yan Jiaqi at the Institute of Political Science of the Chinese Academy of Social Sciences in 1983.

Mr Yan, who was a close adviser of disgraced Chinese leader Zhao Ziyang, has fled China following the crack-down on the democracy movement. He is now in exile in Paris.

Along with a leader of the student movement, Mr Wuer Kaixi, Mr Yan has announced the setting up of the Joint Committee of Chinese Student Movement and Democracy Movement to champion for the cause of democracy in China.

Mr Xu said he became increasingly fearful for his life in Hong Kong after he publicly condemned the Chinese Government on behalf of 50 of his NCNA colleagues at a mass rally at Happy Valley on May 21, to protest against the imposition of martial law by Chinese Premier Li Peng.

Said a visibly shaken Mr Xu: "My rooms were searched. I was interrogated. They (NCNA officials) demanded to know the names of all my supporters."

"They kept implying my action might be a crime. But I replied: 'I don't care what you charge me with. It's nothing compared to those students who lost their lives in Tiananmen Square'."

After being followed in the streets of Hong Kong, and shunned by his colleagues, Mr Xu said he finally decided not to go back to the NCNA.

"I dared not return to my room because I was afraid. I believed that Chinese secret service men living in rooms near mine would kidnap me and force me back to the mainland."

Just before he finally left, Mr Xu said he called the secretary of the NCNA Hong Kong director, Mr Xu Jiatur, to plead with him to tell the mainland Government not to use force on the students.

He then fled to a friend's house.

However, he was attacked during another prodemocracy mass rally on the Island Eastern Corridor on May 29 by democracy supporters who mistook him for a communist agent.

By then, in a highly agitated state, heightened by a lack of food and sleep, he collapsed and was taken to Tang Shiu Kin Hospital, where he refused all medication in case he was diagnosed as being ill and sent back to the mainland.

After leaving the hospital, Mr Xu said friends arranged for him to be put up in the Caravelle Hotel in Morrison Hill Road, allegedly run by the KMT [Kuomintang], where he could not be reached by Chinese Government agents.

Later he stayed at the Caritas Centre, before giving himself up at the Homantin police station. He was handed over to the Salvation Army and put up at their hostel.

Finally, Mr Xu said he called a friend to find him "A safe place to live" before being admitted to Queen Elizabeth Hospital on June 3 with exhaustion.

On June 27, he left the hospital for a safe house organised by the group smuggling students from China.

On June 29, Mr Xu said he was taken to Kai Tak. A visa signed by Justice of the Peace Mr H.C. Yeung was placed in his hand and he was put on a flight to London, arriving there on June 30.

He said: "I had demanded to go to the U.S. but when I arrived I found I was in England."

Now, Mr Xu said he hoped to go to the U.S. Meanwhile, he wanted to contact Mr Yan, his former teacher, and other Chinese dissidents, to join their struggle for democracy.

Last night Mr Xu spoke of his desperate decision to leave the NCNA and his hopes of making contact with fellow dissidents Wuer Kaixi and Yan Jiaqi in Paris.

Mr Xu said: "I'm afraid to go back, but I love Hong Kong and want to live there all my life."

"I really want to go back to see my parents. I'm worried about them facing political pressure," he said.

"They (the Chinese officials) have long memories. I know they're still watching me," he added.

**Entrepreneur Urges Noninterference on Mainland**  
HK1107024389 Hong Kong ZHONGGUO TONGXUN  
SHE  
in Chinese 1306 GMT 10 Jul 89

[Report by Wang Telong (3769 2814 7127): "Hong Kong Chinese General Chamber of Commerce and Basic Law Consultative Member Considers Hong Kong People Should Not Get Too Involved in Mainland China's Democratic Process"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 10 Jul (ZHONGGUO TONGXUN SHE)—Vice Chairman of the Hong Kong Chinese General Chamber of Commerce and famous entrepreneur Wang Mingang said in an interview with this reporter a few days ago, that Hong Kong people can express support for the process of democratization on the mainland, but they should not get involved in person.

Wang Mingang pointed out that the "4 June" incident dealt a heavy blow to Hong Kong people's confidence, adding momentum to the emigration surge. In the past, only upper circles tried to emigrate, but now even middle- and lower-level people are finding a way to escape.

Wang Mingang admitted that Hong Kong people are presently in a contradictory state of mind and have a confused understanding of the situation. The industrial and commercial circles are comparatively sober and have a practical point of view. They are not so agitated as other people are. Some businessmen returned to the mainland as soon as they realized there was still businesses to do, as the situation on the mainland begins to calm down.

Wang Mingang believed that it is necessary for Hong Kong people to concentrate on solving Hong Kong problems and stand clear of the process of democratization on the mainland. He said that we do not have a clear understanding of the situation on the mainland. If we get involved hastily, it will not conform to the principle of "one country, two systems."

Also a member of the Consultative Committee for the Basic Law and member of the 89-businessman group, Wang Mingang said, when the second draft of the Basic Law came out early this year, that people found that it had been improved a great deal and hence it was more acceptable. Influenced by the "4 June" incident, the extension of the consultation period is inevitable. The problems of the "executive acts of the Central People's Government" and the power of final adjudication used to be controversial, and are even more at issue now. The research group on the Basic Law under Hong Kong Chinese General Chamber of Commerce believe that all these problems should be reexamined.

**Hong Kong Fears Flood of Vietnamese Refugees**  
OW0807014089 Beijing XINHUA in English  
0019 GMT 8 Jul 89

[Text] Hong Kong, July 8 (XINHUA)—The number of Vietnamese boat people in Hong Kong is likely to hit a historically high record of 75,000 by the end of this year.

Hong Kong once received 65,000 Vietnamese refugees in 1979, which was the largest number in history.

A local official in charge of boat people issues here said he feared Hong Kong would be flooded by more waves of boat people from Vietnam entering the summer season. About two months ago, he estimated the number of Vietnamese would reach 50,000. But now the estimation is obviously too conservative.

For the first week of this month, more than 1,300 Vietnamese arrived by boat, propelling their total number of genuine refugees and boat people stranded here to almost 49,000.



**U.S. Pro-Democracy Group To Set Up Office**  
*HK0707033789 Hong Kong HONGKONG STANDARD in English 7 Jul 89 p 8*

[By Cheung Po-ling]

[Text] The Chinese Alliance for Democracy, an American-based reactionary organisation in the eyes of the mainland communists, is to strengthen its foothold in Hong Kong by setting up an office to unite local and overseas pro-democracy lobbyists.

Mr Wong Min, the director and Mr Huang Ben, the vice-president of the New York-based alliance, said in Hong Kong yesterday that they chose the territory to set up an office because it is an ideal "frontline location".

"Hong Kong which is situated so near China is a good location. In addition, we believe the immense political interest in Hong Kong people might turn the territory into the first Chinese society to be ruled by democracy," said Mr Wong.

Apart from opening an office to liaise with various democratic organisations, the alliance will also start a local newspaper to disseminate the message of democracy and news of the Chinese democracy movement.

According to Mr Wong, they will join activities in Hong Kong in support of the international campaign to fight for democracy in China and express their opinions on different political issues.

He added they have contacted Chinese student leader Mr Wuer Kaixi and expressed their interest of participating in the coalition spearheaded by Mr Wuer and Mr Yan Jiaqi, a prominent Chinese intellectual, who have fled to France.

Mr Wong said the office was going to formally register in Hong Kong, but he added they would consider registering as an academic organisation rather than a political body, which might not be approved by the local government.

The alliance has 39 branches and 1,500 members all over the world, excluding underground members in mainland China.

In Hong Kong one of the main tasks of the alliance was to rescue those wanted Chinese dissidents from arrest by the Beijing government, he said.

"We could not reveal the actual rescue channel, but we would try our best to secure those democratic fighters," said Mr Wong.

He also rounded on the accusation by Mr Yuan Mu, spokesman of Beijing's State Council, that the alliance was the "black hand" manipulating the democracy movement from behind the scene.

"It is our honour to be branded as the 'black hand'," said Mr Wong. "But we strongly oppose the authorities' view that we are reactionary and counter-revolutionary. It is only those who oppose the historical trend should be named as reactionary. We just want to promote democracy, freedom and multi-party politics in China."

Mr Wong said that the statement made earlier by Mr Wang Bingzhang, the founder of the alliance, did not represent the organisation.

Mr Wang had been deprived of his membership and his duties in the alliance because of alleged impropriety, according to Mr Wong.

Mr Wang said on Sunday that the alliance which had 50 to 60 underground organisations in mainland China only played a "minor role" in the movement.

Meanwhile, Mr Wang yesterday called for the formation of a new Chinese opposition party-in-exile aimed at toppling the Deng Xiaoping government.

Mr Wang nominated dissident intellectuals Mr Yan Jiaqi or Professor fang Lizhi, the astrophysicist taking refuge in the U.S. embassy in Beijing, as the party's first leader.

"Yan Jiaqi is no longer a mere scholar but it now actually practising politics," said Mr Wang.

"China needs an internationally recognised opposition figure like (the late) Benigno Aquino of the Philippines, or Kim Tae-chung of South Korea," he said.

**Singapore Office Mobbed by Immigration Applicants**  
*HK1207044889 Hong Kong SOUTH CHINA MORNING POST in English 12 Jul 89 pp 1, 7*

[By Jimmy Leung]

[Text] Thousands of people yesterday mobbed the Singapore Commission at Admiralty Centre for application forms to emigrate.

Police were called to control the chaos, which was prompted by Monday's announcement of relaxed immigration quotas.

In the clearest indication yet of the passport fever that has swept Hong Kong since the June 4 massacre in Beijing, crowds of blue and white-collar workers thronged the Commission's office.

Singapore is relaxing its eligibility criteria for emigration to cover skilled workers with a secondary education and an income of over \$6,000.

More than 12,000 forms were handed out in just over an hour after distribution began at 9.30 am at SMC (HK) [expansion unknown] Limited, which handles emigration matters on behalf of the Singapore Government.

Distribution was halted at 10.30 am on the advice of the police as trouble began to develop in the queue, which stretched as far as the police headquarters at Arsenal Street.

Minor scuffles broke out as people jostled for positions and in the ensuing turmoil a booth outside the SMC's office used to distribute forms was trampled by the crowds.

On the advice of the police, the Singapore Commission announced that from now on application forms would be issued only by post.

But the crowds refused to leave and continued to besiege the Commission's office throughout the morning.

On Monday, Singapore announced a permanent residence scheme to absorb up to 25,000 blue and white-collar workers and their families in the next five to eight years.

The amended scheme, which covers technicians, craftsmen, skilled workers and white-collar clerical workers and their families, is aimed at relieving Singapore's labour shortage which has resulted from its booming economy.

It gives abode in Singapore to Hong Kong blue and white collar workers who intend to stay in the territory, but wish to secure a sanctuary if the need arises.

The scheme is particularly attractive to the large number of non-professionals who have skills which other popular immigrant countries such as Australia, Canada and the United States do not need.

Lining up with her three-year-old son, Ms Teresa Wu Shuk-chun of Sha Tin said her civil servant husband wanted to apply to see how the Commission would select people from Hong Kong.

"We would like to go to Singapore because there are more Chinese and it's easier to adjust. If we can't, then we may try other Southeast Asian countries such as Taiwan," said Ms Wu.

The general manager of SMC (HK), which handles executive search and migration counselling, Mr Lim Tiong Hoe, said people started coming to the Admiralty Centre at 10 pm on Monday in order to secure a place in the queue.

Singapore Commissioner for Hong Kong, Mr Gordon Seow Li Ming, said: "I'm surprised by the overwhelming reaction that we received.

"I expected a number of people to turn up but not as many as you have seen."

He said at about 8.30 am, there was a line of well-behaved and orderly people that went around the Admiralty Centre twice.

But he said when the rain began to fall at 10.15 am, a lot of people got wet and the crowd became slightly uncontrollable.

Police divisional commander for Waterfront, Superintendent Wong Doon-ye said there were 100 to 200 people queuing outside the building overnight for the 9.30 am distribution of forms.

"By 9 am, we estimated the number of potential applicants was around 4,000. At 9.20 am, we arranged people to queue up on the pavement of Harcourt Road all the way from the police headquarters in Wan Chai to avoid traffic disruption," Supt Wong said.

Supt Wong said chaos at the foyer was mainly caused by the collapse of some iron barricades used to thwart queue-jumpers at the jam-packed foyer outside the MTR exit.

Mr Seow said when they stopped distributing forms at 10.30 am, people started to go to the Commission office on the ninth floor and jammed the small public area.

"We have had to put some signs outside saying 'Please write to us with a stamped self-addressed envelop and we'll send the forms to you'."

Before the revised scheme, only graduates, professionals and businessmen with investment capital of S\$1 million (HK\$3.97 million) could apply for in-principle approval of permanent resident status, valid for an initial five years.

The latest scheme requires an applicant to pay a processing fee of \$1,200 when he or she submits an application but those who do not meet the basic criteria will get a refund.

Mr Seow said they had no plans to increase the emigration quota in view of the initial response from the Hong Kong public.

"We are like a tea cup. You can put so much tea inside because of its size. We did take a close look at it and felt that between 20,000 and 25,000 over the next five to eight years is as much as we can absorb," he said.

Civil servant Mr C.S. Leung attributed the chaos to poor liaison between police and the Singapore Commission.

"When I arrived here at 8 am there were more than 5,000 people queuing but only two or three policemen.

"The queue not only surrounded the twin-tower office block but it had extended to as far as the Violet Peel Polyclinic at Harcourt Road," he said.

Mr Leung said it seemed there were no contingency measures to deal with a large crowd.

### **Greater Differences Appear Among Citizens**

HK0607081589 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0648 GMT 5 Jul 89

[Report: "Liu Chao-chia, a Hong Kong Scholar, Says That Greater Differences Have Appeared Among Hong Kong People"—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 5 Jul (ZHONGGUO TONGXUN SHE)—Liu Chao-chia, director of the Hong Kong Research Center at the Chinese University of Hong Kong, pointed out that after the 4 June incident in Beijing, the people in Hong Kong began to reconsider their personal future and Hong Kong's future, and greater differences have thus appeared among the Hong Kong people. This has caused various contradictions on the issues concerning the democratization reform in Hong Kong and concerning the exploration of Hong Kong's future and current policies. This has also added instability to society.

The internal contradictions in Hong Kong are mainly reflected in Hong Kong's role in China's democratization process. In the framework of "one country, two systems," Hong Kong should pay more attention to its own democratization process and to the maintenance and development of its own capitalist system. However, some people held in a previous period that Hong Kong should act as a "big rear base" for the democratic movement on the mainland; and after the June 4 Incident, they held that Hong Kong should become the "forefront" of the struggle and become the "core" of the global alliance of the democratic forces in all Overseas Chinese communities.

Liu Chao-chia said: Most people in Hong Kong will not accept such a role, because this would cause too much danger to Hong Kong itself. A few weeks ago, when facing the contingent event in Beijing, they had unexpectedly strong reactions, because they were deeply worried about Hong Kong's future.

The other aspect of the differences is focused on the issue of the future political structure in Hong Kong. He said: For a certain period, due to the influence of the events in China, the local community generally inclined toward the democrats, and even the moderates in the business circles agreed that the democratization process in Hong Kong should be quickened, and expressed willingness to revise their original scheme and to narrow the gap between them and the democrats. However, the transient unity disappeared after the democrats radicalized their position in an attempt to "advance on the crest of

the victory." The democrats put forward a more radical and more dangerous scheme, and people in the business circles found it harder to accept such a scheme. Thus, the gap between the two factions was widened again.

The democrats often organized mass rallies and demonstrations, but people in business circles regarded such activities as lacking constructiveness and only adding unstable factors to society. The development of the mass movements also exposed the insufficient ability of the leading democrats to guide the masses and predicting the development of the situation. They failed to expect the participation of as many as over 1 million people in the demonstrations in the previous period, and again failed to expect that only a slightly smaller number of people would participate in the demonstrations for the right of abode in Britain. That is to say, the democrats lacked the ability to control the scale of the mass movement. This added to the fears of investors and businessmen about social turmoil.

The internal contradictions in Hong Kong are also reflected in the interest conflicts between different social strata. For example, after gaining a salary increase by a rather large margin, civil servants may also gain the right of abode in Britain. Thus, they may become a privileged stratum. This will have a very bad impact on the confidence of the ordinary citizens.

### **Hong Kong, Macao Trade With USSR Detailed**

HK0307043889 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 25-26, 26 Jun 89 pp 30-31

[Article by Huang Wentao (7806 2429 3447): "New Stage of Economic and Trade Relations Between The Hong Kong-Macao Region and the Soviet Union"]

[Text] In the last few years, while developing new markets in all parts of the world, people in economic circles in Hong Kong and Macao have begun to focus their attention on the Soviet Union, which is expediting economic reform. Moreover, the superior conditions and positions which Hong Kong and Macao enjoy in the economic and trade relations with their counterparts in the Asian-Pacific region have been gradually understood and discovered by the Soviet Union. Since both sides are expecting to advance with big strides together, a new economic link is gradually taking shape between them.

### **Establishment of More In-Depth Economic Relations Is Being Sought**

According to statistics, in recent years the volume of trade between the Hong Kong-Macao region and the Soviet Union has been on the rise. Hong Kong mainly exports ready-made clothes, furniture, and plastic raw materials to the Soviet Union. In 1988 Hong Kong exported some HK\$52 million worth of such goods to the Soviet Union, an increase of 11.2 percent over the 1987 figure of HK\$47 million or more. Hong Kong mainly imports pearls, gems, silk, textile raw materials,



and leather from the Soviet Union. The value of such imports in 1988 amounted to more than HK\$333 million, or an increase of 48.8 percent over 1987. Macao mainly exports textiles and ready-made clothes to the Soviet Union. Such goods exported to the Soviet Union came to 12.5 million Macao dollars in value in 1987 and 11 million Macao dollars in 1988. Macao imports chiefly leather products, dyestuffs, canned foods, and drinks from the Soviet Union. The value of such imports was 37 million Macao dollars in 1987 and jumped to 55.5 million Macao dollars in 1988.

Nevertheless, the above situation does not mean that the trade between Hong Kong and Macao on one hand and the Soviet Union on the other has reached a considerable level. In fact, the volume of trade of Hong Kong and Macao with the Soviet Union occupied just 0.1 percent and 0.5 percent respectively in the total volume of their trade with other countries. This shows that these kind of economic and trade relations still have tremendous potentials to tap.

To establish a more extensive economic tie, the Hong Kong-Macao region and the Soviet Union are conducting economic and trade exchange and cooperation.

In August of last year, the Macao government instructed Hsieh Min-hsin, secretary for economic and district administrative services, to form a inspection delegation to visit the Soviet Union. In January of this year, a delegation of trade representatives organized by the Department for Promoting Industry and Commerce under the Macao Economic Services participated in the "Moscow consumer goods exhibition" held in the Soviet Union. In November of last year, Ma Er Ji Wei Qi [7456 1422 1015 4850 1142], president of the Soviet Association of Industry and Commerce, also visited Macao on invitation and signed a memorandum with the Macao Government on economic cooperation, with a view to promoting "direct commercial cooperation" between the Soviet Union and Macao. The Huaao Company, composed of 22 shareholders and companies and specializing in trade with the Soviet Union and Eastern Europe, was set up at the end of last month. The Macao Government has given the company special credit with a maximum credit term of 6 years.

Recently in the news media in Hong Kong, there has been a considerable increase in the number of reports and analyses about related developments in the Soviet Union. Earlier this year, the Hong Kong Trade Development Department participated in the exhibition activities sponsored in the Soviet Union. At the end of last April, together with a Finnish company, the department sponsored a symposium on trade with the Soviet Union for the first time, with the participation of as many as 700 people. It has been reported that while "closely following the development of economic reforms in the Soviet Union and Eastern Europe and maintaining close ties with the various trading companies from Eastern Europe's Council for Economic Assistance, Hong Kong's

relevant economic department "is studying the trade structure of the East European bloc and the trade between China and the Soviet Union, and exploring ways of entering the market under the iron curtain, which is being opened. "One news account said: Recently the Hong Kong Government has relaxed restrictions on visits by commercial personnel from the Soviet Union and East European countries to Hong Kong, and the Hong Kong Credit Insurance Department is also studying ways of providing new insurance service to assist industrialists and businessmen in developing markets in the Soviet Union and Eastern Europe. According to another news account, the considerably influential Hong Kong General Chamber of Commerce plans to form a delegation to visit the Soviet Union in October. It has been reported that the trip will be considerably "eye-catching," since it has gotten the nod of approval from the political adviser to the Hong Kong Government.

Without a doubt, there is a good beginning in the efforts of the Hong Kong-Macao region and the Soviet Union to open up new avenues in their economic relations. People have every reason to believe that as internal and external promotive factors are growing stronger everyday, one may well expect that this kind of economic and trade relations will develop further.

#### **The Internal Driving Cause for the Development of Economic Relations Between Hong Kong and Macao on One Hand and the Soviet Union on the Other**

The current situation shows that the greatest internal driving force originates from the following sources:

As the Soviet Union may very likely make good advances with its economic reform, the tremendous potential of the Soviet market will gradually display itself. Industrialists and businessmen in Hong Kong and Macao are enthusiastically looking forward to opening up this track of a "new continent." Since the beginning of the 1980's, with the world economic growth slowing down and trade protectionism expanding day by day, competition in trade between states has been growing increasingly tense, thus disturbing the distinctively export-oriented economies of Hong Kong and Macao more and more seriously. To diversify the market for their exports and reduce the excessive reliance on the countries where their products are mainly sold, in the last few years, Hong Kong and Macao industrialists and businessmen have conducted more and more activities to expand trade with their counterparts in all parts of the world. Under these circumstances, the latent commercial opportunity of the Soviet Union which is working for economic reform is obviously an attraction to Hong Kong and Macao industrialists and businessmen.

On the other hand, the Soviet Union is attaching increasingly great importance to developing the economy in its Far East region and seeking to establish more extensive and powerful economic ties with the Asian-Pacific

region, including Hong Kong and Macao. For a considerably long time in the past, the Soviet Union handled its economic relations with other countries in the world from a socioeconomic point of view and divided the world into two parallel markets. Mikhail Gorbachev's new thinking in foreign relations has brought about a new change to the Soviet Union, which has begun to get itself actively involved in the united world market and in the international division of labor and cooperation. In this process, the Soviet Union has noticed that the Asian-Pacific region has made and is making remarkable achievements and that it has a tremendous development potential. In fact, before the imminent coming of the "Pacific century" predicted by many, to exert its influence in the years to come as it expects, the Soviet Union has to face the Asia and the Pacific region in real earnest while continuing to attach importance to Europe.

According to some analysts, for the Soviet Union to strengthen its economic activities in the Asian-Pacific region, the formation of a trade development front should at least be part of its conception. The Soviet Union should open a free economic zone in its Far East region bordering with China and with it taken as the starting point, expand it to Hong Kong and Macao through North Korea, Japan, and China's coastal areas, and then continue to expand it to the Southeast Asia and the Pacific region. In this respect, it is assumed that Hong Kong and Macao will become intermediate centers. It goes without saying that the favorable position which Hong Kong and Macao occupy in the Pacific region, in particular, the superior conditions which Hong Kong possesses as an international financial, trading, and shipping center, will receive the particular attention of the Soviet Union. Last November when visiting Macao, Ma Er Ji Wei Qi, president of the Soviet Association of Industry and Commerce, frankly stated: This region "can become a good base for the Soviet Union to develop trade with Asian-Pacific rim countries."

#### Barriers To Be Removed

It must be pointed out that economic contact and exchange between Hong Kong and Macao on the one side and the Soviet Union on the other seemed to be somewhat rough from the very beginning. Owing to the estrangement caused by historical reasons, it will be difficult to dispel the sense of both sides feeling like strangers to each other overnight. Since both sides know little about each other, in most cases, more often than not, trade is conducted by associated agencies in third locations. This not only causes meaningless delays in trading time, but also reduces real benefits that should be earned. Moreover, to this day, the most apparent obstacle has been manifested in both sides' intention of making different choices in regard to the trade situation. The Soviet Union, which puts foreign exchange under strict control, strongly favors conducting reciprocity-based trade—in particular, barter trade—with Hong Kong and Macao. As far as Hong Kong and Macao businessmen who are unfamiliar with this kind of trade

form are concerned, they will undoubtedly feel puzzled and worried about the complicated technical problems involved in such trade and the resulting additional risks, and even about the difficulties cropping up in seeking trading partners to act as third agencies. Finally, the pursuance by Hong Kong of a stern policy toward Soviet commercial personnel is also viewed as a fairly great barrier to the development of trade with the Soviet Union. The inconveniences and losses caused therefrom have aroused complaints among some Hong Kong businessmen.

The current economic ties between the Hong Kong-Macao region and the Soviet Union are just in the stage of taking off. The gap between earnest expectations cherished by both sides and realities is tremendous. Both sides hope that new economic ties will be gradually developed. However, at present they have to face many stern challenges.

It is generally anticipated that large-scale direct trade between Hong Kong and Macao on one hand and the Soviet Union on the other is hard to materialize in the short term. Indirect trade on a reciprocal basis still continues to be the main form of contact between the two sides, with a low-level growth in trade volume and a possible increase in commercial contacts. From a long-term point of view, with the gradual relaxation of tension in the Asian-Pacific region, the development of economic and trade relations of Hong Kong and Macao with the Soviet Union will get a sound environment. Under this prerequisite, to what scale and level this economic exchange and cooperation will develop depends mainly on the strategy chosen by Hong Kong and Macao industrialists and businessmen and the economic policy and economic situation of the Soviet Union, which is undergoing reforms. Meanwhile, Hong Kong and Macao will face formidable competition from other Pacific rim countries or regions, in particular, South Korea, Taiwan, and Japan.

#### Macao

**Macao's XINHUA Chief Urges Stability**  
*HK1107011989 Hong Kong SOUTH CHINA MORNING POST in English 11 July 89 p 12*

[Text] Director of the Macao branch of the NEW CHINA NEWS AGENCY (NCNA) said yesterday that the upholding of the "one country, two systems" policy between Macao and the mainland is in their common interests.

"The most urgent task now is to ensure stability in Macao," Zhou Ding said at a meeting with Macao-based deputies of the national and provincial people's congresses and members of the Chinese People's Political Consultative Conference there yesterday.

Mr Zhou said the Chinese Government will abide by the joint declaration with Macao and will neither change Macao's present capitalist system nor turn the "two systems" into "one system".

He said: "Although people have different views on a number of issues, we have a basic point in common, that is, we all love the country and Macao, and wish to have long-term stability, development and prosperity in Macao."

Mr Zhou said, a stable economy is essential for Macao's continued prosperity. "The present economic situation is good and the difficulties in some aspects are temporary and can be overcome."

He noted that Macao's economy will boom as long as it "smoothly builds its several key large projects, further improves investment conditions, taps its economic potential, continues to strengthen economic co-operation with the mainland and actively imports funds from Hong Kong, Taiwan and overseas".



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